

# **Cape Agulhas**

**MUNICIPALITY**



KAAP AGULHAS MUNISIPALITEIT  
CAPE AGULHAS MUNICIPALITY  
U MASIPALA WASECAPE AGULHAS

**CONSOLIDATED FINANCIAL STATEMENTS**

**30 JUNE 2015**

# CAPE AGULHAS LOCAL MUNICIPALITY

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# CAPE AGULHAS LOCAL MUNICIPALITY

## CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### GENERAL INFORMATION

#### NATURE OF BUSINESS

Cape Agulhas Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

#### COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

#### JURISDICTION

The Cape Agulhas Municipality includes the following areas:

<i>Bredasdorp</i>	<i>L'Agulhas</i>	<i>Protem</i>
<i>Napier</i>	<i>Arniston</i>	<i>Klipdale</i>
<i>Struisbaai</i>	<i>Suiderstrand</i>	

#### MEMBERS OF THE COUNCIL

Executive Mayor	<i>RG Mitchell</i>
Executive Deputy Mayor	<i>D Jantjies</i>
Speaker	<i>E C Marthinus (Ms)</i>
Councillor - Full time	<i>M R Mokotwana</i>
Councillor - Part time	<i>P N Atyhosi (Miss)</i>
Councillor - Part time	<i>J G A Niewoudt</i>
Councillor - Part time	<i>G D Burger</i>
Councillor - Part time	<i>JA Coetzee</i>
Councillor - Part time	<i>W J October</i>

#### MUNICIPAL MANAGER

*Mr D O'Neill*

#### CHIEF FINANCIAL OFFICER

*Mr H Van Blijon*

#### REGISTERED OFFICE

*PO Box 51, Bredasdorp, 7280*

#### AUDITORS

*Office of the Auditor General (WC)*

#### PRINCIPLE BANKERS

*ABSA, Bredasdorp*

#### RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)  
Division of Revenue Act  
The Income Tax Act  
Value Added Tax Act  
Municipal Structures Act (Act no 117 of 1998)  
Municipal Systems Act (Act no 32 of 2000)  
Municipal Planning and Performance Management Regulations  
Water Services Act (Act no 108 of 1997)  
Housing Act (Act no 107 of 1997)  
Municipal Property Rates Act (Act no 6 of 2004)  
Electricity Act (Act no 41 of 1987)  
Skills Development Levies Act (Act no 9 of 1999)  
Employment Equity Act (Act no 55 of 1998)  
Unemployment Insurance Act (Act no 30 of 1966)  
Basic Conditions of Employment Act (Act no 75 of 1997)  
Supply Chain Management Regulations, 2005  
Collective Agreements  
Infrastructure Grants  
SALBC Leave Regulations

#### ATTORNEYS

*Luttig, Badenhorst & Fourie Attorneys*

# CAPE AGULHAS LOCAL MUNICIPALITY

## MEMBERS OF THE CAPE AGULHAS LOCAL MUNICIPALITY

WARD	COUNCILLOR
1	Mr W J October
2	Mr D Jantjies (Executive Deputy Mayor)
3	Mr RG Mitchell (Executive Mayor)
4	Mr JGA Niewoudt
5	Mr GD Burger
Proportional	Mr MR Mokotwana (Member of Executive Mayor Committee)
Proportional	Mrs EC Marthinus (Speaker)
Proportional	Mr JA Coetzee (Chairperson of MPAC)
Proportional	Miss PN Atyhosi

## APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

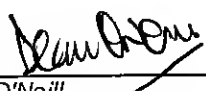
I am responsible for the preparation of these annual consolidated financial statements year ended 30 June 2015, which are set out on pages 1 to 88 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Economic Entity. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Economic Entity's cash flow forecast for the year to 30 June 2016 and is satisfied that the Economic Entity can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Economic Entity's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

  
Mr D O'Neill

Municipal Manager

30/11/15  
Date

# **Report of the auditor-general to the Western Cape Provincial Parliament and the council on the Cape Agulhas Municipality**

## **Report on the consolidated and separate financial statements**

### **Introduction**

1. I have audited the consolidated and separate financial statements of the Cape Agulhas Municipality set out on pages 3 to 77, which comprise the consolidated and separate statement of financial position as at 30 June 2015, the consolidated and separate statement of financial performance, consolidated and separate statement of changes in net assets, consolidated and separate cash flow statement and consolidated and separate statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

### **Accounting officer's responsibility for the financial statements**

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor-general's responsibility**

3. My responsibility is to express an opinion on these consolidated and separate financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements; and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the

appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## **Opinion**

6. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Cepe Agulhas municipality as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with SA standards of GRAP and the requirements of the MFMA and DoRA.

## **Emphasis of matters**

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

## **Significant uncertainties**

8. As disclosed on note 58 to the consolidated and separate financial statements, the municipality is at risk for the payment of claims relating to contractual disputes from third parties. The amounts in this regard were uncertain at year-end and no provision for any liability that may result has been made in the financial statements.

## **Restatement of corresponding figures**

9. As disclosed in note 43 to the consolidated and separate financial statements, the corresponding figures for 30 June 2014 have been restated as a result of errors discovered during 2014-15 in the consolidated and separate financial statements of the Cape Agulhas Municipality at, and for the year ended, 30 June 2014.

## **Material impairments**

10. As disclosed in note 20 and 21 to the consolidated and separate financial statements the municipality has provided impairment of receivables from exchange transactions and receivables from non-exchange transactions of R6,2 million (2013-14: R7,7 million) and R5,1 million (2013-14 : R2,9 million) respectively.

## **Additional matters**

11. I draw attention to the matters below. My opinion is not modified in respect of these matters.

## **Unaudited supplementary schedules**

12. The supplementary information set out on pages 74 to 84 does not form part of the consolidated and separate financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

## Unaudited disclosure notes

13. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the consolidated and separate financial statements and accordingly I do not express an opinion thereon.

## Material inconsistencies in other information included in the annual report

14. The draft annual report has been received and no material inconsistencies with the financial statements have been found. The final printer's proof of the annual report will be reviewed and any material inconsistencies then identified will be communicated to management. Should the inconsistencies not be corrected, it may result in the matter being included in the audit report.

## Report on other legal and regulatory requirements

15. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for
16. Selected objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

## Predetermined objectives

17. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the municipality for the year ended 30 June 2015:
  - Strategic Objective 3.5.2 a: Development and regular maintenance of bulk infrastructure such as roads, storm water networks, potable water networks, waste water treatment plants, land and integrated human settlements pages 74 to 76.
  - Strategic Objective 3.5.2 d: Provision of quality basic services such as water, electricity, refuse removal and sanitation pages 78 to 79.
  - Strategic Objective 3.5.2 f: To facilitate the holistic development of people, expand the safety net for vulnerable groups and implement sustainable programmes to improve their livelihoods pages 80 to 82.
18. I evaluated the reported performance information against the overall criteria of usefulness and reliability.

19. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).
20. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
21. I did not identify any material findings on the usefulness and reliability of the reported performance information for all the selected objectives:

### **Additional matters**

22. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected objectives, I draw attention to the following matters:

#### **Achievement of planned targets**

23. Refer to the annual performance report on pages 76 to 78, 80 to 82 and 83 to 85 for information on the achievement of the planned targets for the year.

#### **Unaudited supplementary information**

24. The supplementary information set out on pages 67 to 74, 77 to 79 and 83 to 172 does not form part of the annual performance report and is presented as additional information. I have not audited schedules and, accordingly, I do not report thereon.

### **Compliance with legislation**

25. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

### **Internal control**

26. I considered internal control relevant to my audit of the consolidated and separate financial statements, the annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.



## **The Southernmost Development Agency (SOC) Limited**

27. There were no matters to report in respect of performance against predetermined objectives, compliance with laws and regulations and internal control as the entity was not operational during the year under review. The council is in the process of deregistering the entity.

*Auditor - General*

Cape Town.

30 November 2015



**AUDITOR - GENERAL  
SOUTH AFRICA**

*Auditing to build public confidence*

**CAPE AGULHAS LOCAL MUNICIPALITY**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015**

		<b>ECONOMIC ENTITY</b>		<b>MUNICIPALITY</b>	
	<b>Notes</b>	<b>2015 R (Actual)</b>	<b>2014 R (Restated)</b>	<b>2015 R (Actual)</b>	<b>2014 R (Restated)</b>
<b>NET ASSETS AND LIABILITIES</b>					
<b>Net Assets</b>		<b>309 487 919</b>	<b>303 324 463</b>	<b>309 487 919</b>	<b>303 324 563</b>
Capital Replacement Reserve	2	17 750 000	15 750 000	17 750 000	15 750 000
Accumulated Surplus	2	291 737 919	287 574 463	291 737 919	287 574 563
<b>Non-Current Liabilities</b>		<b>101 789 742</b>	<b>58 391 463</b>	<b>101 789 742</b>	<b>58 391 463</b>
Long term Liabilities	3	1 011 854	503 546	1 011 854	503 546
Employee benefits	4	42 683 654	36 562 461	42 683 654	36 562 461
Non-Current Provisions	5	58 094 234	21 325 455	58 094 234	21 325 455
<b>Current Liabilities</b>		<b>27 020 817</b>	<b>26 307 674</b>	<b>27 020 817</b>	<b>26 307 674</b>
Consumer Deposits	6	3 844 846	3 643 008	3 844 846	3 643 008
Current Employee benefits	7	7 832 528	6 904 168	7 832 528	6 904 168
Provisions	8	3 654 891	2 713 221	3 654 891	2 713 221
Payables from exchange transactions	9	10 482 360	7 214 093	10 482 360	7 214 093
Unspent Conditional Government Grants and Receipts	10	172 039	5 529 399	172 039	5 529 399
Unspent Public Contributions	11	46 357	-	46 357	-
Taxes	12	626 271	-	626 271	-
Operating Lease Liability	22.1	11 531	-	11 531	-
Current Portion of Long-term Liabilities	3	349 993	303 785	349 993	303 785
<b>Total Net Assets and Liabilities</b>		<b>438 298 478</b>	<b>388 023 599</b>	<b>438 298 478</b>	<b>388 023 899</b>
<b>ASSETS</b>					
<b>Non-Current Assets</b>		<b>396 839 470</b>	<b>347 710 643</b>	<b>396 839 470</b>	<b>347 745 371</b>
Property, Plant and Equipment	13	301 674 200	288 356 963	301 674 200	288 346 579
Investment Property	14	40 705 756	40 714 286	40 705 758	40 714 286
Intangible Assets	15	1 125 338	564 809	1 125 338	564 809
Capitalised Restoration cost	16	53 055 616	17 756 682	53 055 618	17 756 882
Non-Current Investments	17	-	-	-	45 113
Long-Term Receivables	18	278 561	317 903	278 561	317 903
<b>Current Assets</b>		<b>41 459 007</b>	<b>40 312 957</b>	<b>41 459 007</b>	<b>40 278 328</b>
Inventory	19	1 485 089	692 167	1 485 089	892 167
Receivables from exchange transactions	20	18 180 830	15 068 439	18 180 830	15 068 439
Receivables from non-exchange transactions	21	2 887 686	2 958 302	2 887 686	2 958 302
Operating Lease Asset	22.2	66 872	69 452	66 872	69 452
Taxes	12	-	110 841	-	78 212
Current Portion of Long-term Receivables	18	4 439	6 554	4 439	6 554
Cash and Cash Equivalents	23	18 834 092	21 407 201	18 834 092	21 407 201
<b>Total Assets</b>		<b>438 298 478</b>	<b>388 023 599</b>	<b>438 298 478</b>	<b>388 023 699</b>

**CAPE AGULHAS LOCAL MUNICIPALITY**

**CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015**

		<b>ECONOMIC ENTITY</b>		<b>MUNICIPALITY</b>	
		2015 (Actual) R	2014 (Restated) R	2015 (Actual) R	2014 (Restated) R
<b>REVENUE</b>					
<b>Revenue from Non-exchange Transactions</b>		<b>114 188 664</b>	<b>109 027 572</b>	<b>114 188 664</b>	<b>109 027 572</b>
<b>Taxation Revenue</b>		<b>42 895 205</b>	<b>39 325 113</b>	<b>42 895 205</b>	<b>39 325 113</b>
Property taxes	24	42 895 205	39 325 113	42 895 205	39 325 113
<b>Transfer Revenue</b>		<b>68 090 292</b>	<b>68 277 273</b>	<b>68 090 292</b>	<b>68 277 273</b>
Government Grants and Subsidies - Capital	25	17 856 030	20 203 692	17 856 030	20 203 692
Government Grants and Subsidies - Operating	25	50 234 262	46 782 580	50 234 262	46 782 580
Public Contributions and Donations	26	-	1 291 000	-	1 291 000
<b>Other Revenue</b>		<b>3 203 167</b>	<b>1 425 187</b>	<b>3 203 167</b>	<b>1 425 187</b>
Fines	27	3 048 545	1 399 702	3 048 545	1 399 702
Third Party Payments		154 622	25 484	154 622	25 484
<b>Revenue from Exchange Transactions</b>		<b>124 571 181</b>	<b>111 633 486</b>	<b>124 571 181</b>	<b>111 633 486</b>
Service Charges	28	110 248 382	98 826 253	110 248 382	98 826 253
Rental of Facilities and Equipment		5 984 453	5 177 452	5 984 453	5 177 452
Interest Earned - external Investments		1 848 735	1 889 339	1 848 735	1 889 339
Interest Earned - outstanding debtors	29	995 909	759 768	995 909	759 766
Licences and Permits		1 077 142	982 721	1 077 142	962 721
Agency Services		1 382 248	1 254 725	1 382 248	1 254 725
Other Income	30	3 034 313	2 763 231	3 034 313	2 763 231
<b>Total Revenue</b>		<b>238 759 845</b>	<b>220 661 058</b>	<b>238 759 845</b>	<b>220 661 058</b>
<b>EXPENDITURE</b>					
Employee related costs	31	79 648 163	70 754 629	79 648 163	70 754 829
Remuneration of Councillors	32	3 452 005	3 287 800	3 452 005	3 287 800
Debt Impairment	33	5 386 568	2 968 851	5 386 568	2 968 851
Depreciation and Amortisation	34	9 279 890	8 239 888	9 279 890	8 239 888
Impairments	35	762 523	2 373 040	807 636	2 484 188
Repairs and Maintenance	36	11 241 569	9 920 634	11 241 589	9 920 634
Actuarial losses	4	1 919 983	2 773 662	1 919 983	2 773 662
Finance Charges	37	4 730 909	3 866 121	4 730 909	3 866 121
Bulk Purchases	38	57 446 954	54 260 605	57 446 954	54 260 605
Contracted services		1 462 846	1 335 945	1 462 846	1 335 945
General Expenses	39	56 685 653	47 837 908	56 685 653	47 837 908
Loss on disposal of PPE		534 512	1 266 201	534 512	1 266 201
<b>Total Expenditure</b>		<b>232 551 376</b>	<b>208 885 283</b>	<b>232 596 488</b>	<b>208 996 432</b>
<b>NET SURPLUS FOR THE YEAR BEFORE DISCONTINUED OPERATIONS</b>		<b>6 208 469</b>	<b>11 775 775</b>	<b>6 163 356</b>	<b>11 664 627</b>
Discontinued Operations	40	(45 013)	(111 148)	-	-
<b>NET SURPLUS FOR THE YEAR</b>		<b>6 163 456</b>	<b>11 664 627</b>	<b>6 163 356</b>	<b>11 664 627</b>

**CAPE AGULHAS LOCAL MUNICIPALITY**

**CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2015**

	<b>Valuation Roll Reserve</b>	<b>Capital Replacement Reserve</b>	<b>Accumulated Surplus</b>	<b>Total</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>ECONOMIC ENTITY</b>				
<b>Balance at 1 JULY 2013</b>	<b>2 000 000</b>	<b>16 500 000</b>	<b>265 969 197</b>	<b>284 469 197</b>
Correction of error - Refer to note 43.05	-	-	7 190 639	7 190 639
<b>Restated Balance at 1 JULY 2013</b>	<b>2 000 000</b>	<b>16 500 000</b>	<b>273 159 836</b>	<b>291 659 836</b>
Net Surplus for the year	-	-	11 664 627	11 664 627
Transfer to/from CRR	-	14 565 063	(14 565 063)	-
Property, Plant and Equipment purchased	-	(15 315 063)	15 315 063	-
Transfer to Valuation Roll Reserve	(2 000 000)	-	2 000 000	-
<b>Restated Balance at 1 JULY 2014</b>	<b>-</b>	<b>15 750 000</b>	<b>287 574 463</b>	<b>303 324 463</b>
Net Surplus for the year	-	-	6 163 456	6 163 456
Transfer to/from CRR	-	7 448 232	(7 448 232)	-
Property, Plant and Equipment purchased	-	(5 448 232)	5 448 232	-
<b>Balance at 30 JUNE 2015</b>	<b>-</b>	<b>17 750 000</b>	<b>291 737 919</b>	<b>309 487 919</b>

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<b>Balance at 1 JULY 2013</b>	<b>2 000 000</b>	<b>16 500 000</b>	<b>265 969 297</b>	<b>284 469 297</b>
Correction of error - Refer to note 43.05	-	-	7 190 639	7 190 639
<b>Restated Balance at 1 JULY 2013</b>	<b>2 000 000</b>	<b>16 500 000</b>	<b>273 159 936</b>	<b>291 659 936</b>
Net Surplus for the year	-	-	11 664 627	11 664 627
Transfer to/from CRR	-	14 565 063	(14 565 063)	-
Property, Plant and Equipment purchased	-	(15 315 063)	15 315 063	-
Transfer to Valuation Roll Reserve	(2 000 000)	-	2 000 000	-
<b>Restated Balance at 1 JULY 2014</b>	<b>-</b>	<b>15 750 000</b>	<b>287 574 563</b>	<b>303 324 563</b>
Net Surplus for the year	-	-	6 163 356	6 163 356
Transfer to/from CRR	-	7 448 232	(7 448 232)	-
Property, Plant and Equipment purchased	-	(5 448 232)	5 448 232	-
<b>Balance at 30 JUNE 2015</b>	<b>-</b>	<b>17 750 000</b>	<b>291 737 919</b>	<b>309 487 919</b>

**CAPE AGULHAS LOCAL MUNICIPALITY**

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015**

	Notes	ECONOMIC ENTITY		MUNICIPALITY	
		2015 R (Actual)	2014 R (Restated)	2015 R (Actual)	2014 R (Restated)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
<b>Receipts</b>					
Ratepayers and other		160 147 987	144 903 937	160 147 987	144 903 979
Government		62 732 933	70 561 513	62 732 933	70 561 513
Interest		2 844 643	2 660 457	2 844 643	2 660 457
<b>Payments</b>					
Suppliers and employees		(205 692 948)	(185 646 954)	(205 692 948)	(185 625 994)
Finance charges	37	(99 273)	(127 349)	(99 273)	(127 349)
<b>Cash generated by operations</b>	44	<b>19 933 341</b>	<b>32 351 604</b>	<b>19 933 341</b>	<b>32 372 606</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Purchase of Property, Plant and Equipment	13	(21 706 035)	(35 163 852)	(21 706 035)	(35 163 852)
Decrease in Long-term Receivables		41 457	32 595	41 457	32 595
Purchase of Intangible Assets		(718 627)	(166 290)	(718 627)	(166 290)
Increase in Non-Current Investments		-	-	-	(21 001)
<b>Net Cash from Investing Activities</b>		<b>(22 383 204)</b>	<b>(35 297 547)</b>	<b>(22 383 204)</b>	<b>(35 318 549)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Loans repaid		(325 085)	(439 968)	(325 085)	(439 988)
Increase in Consumer Deposits		201 838	230 712	201 838	230 712
<b>Net Cash absorbed from Financing Activities</b>		<b>(123 247)</b>	<b>(209 256)</b>	<b>(123 247)</b>	<b>(209 256)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(2 573 109)</b>	<b>(3 155 199)</b>	<b>(2 573 109)</b>	<b>(3 155 199)</b>
Cash and Cash Equivalents at the beginning of the year		21 407 201	24 562 400	21 407 201	24 562 400
Cash and Cash Equivalents at the end of the year	45	18 834 092	21 407 201	18 834 092	21 407 201
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(2 573 109)</b>	<b>(3 155 199)</b>	<b>(2 573 109)</b>	<b>(3 155 199)</b>

**CAPE AGULHAS LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015**  
**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2015 R (Actual)	2015 R (Final budget)	2015 R (Variance)	Explanations for material variances
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	18 834 092	7 710 900	11 123 192	Implemented cost saving measures and in line with increase in payables -30 June 2015
Consumer debtors	21 068 516	21 453 875	(425 359)	Write-off in terms of identified doubtful debt and actuals based on projected trends
Other Receivables	66 872	853 983	(787 111)	Impact of write-off in terms of identified doubtful which included legal fees
Current portion of long-term receivables	4 438	6 000	(1 561)	Not regarded as material
Inventory	1 485 089	726 776	758 313	Increase based on actual needs in respect of emergency equipment/protective clothing
<b>Total current assets</b>	<b>41 459 007</b>	<b>30 791 533</b>	<b>10 667 474</b>	
<b>Non current assets</b>				
Long-term receivables	278 561	311 903	(33 342)	Not regarded as material
Investments	-	45 113	(45 113)	Not regarded as material
Investment property	40 705 756	40 691 552	14 204	Not regarded as material
Property, plant and equipment	301 674 200	288 895 980	12 778 240	Housing infrastructure and other assets identified in current year (adjusted retrospectively)
Intangible Assets	1 125 338	1 385 212	(259 874)	Not regarded as material
Capitalised Restoration Cost	53 055 616	53 055 616	(0)	
<b>Total non current assets</b>	<b>396 839 470</b>	<b>384 385 355</b>	<b>12 454 115</b>	
<b>TOTAL ASSETS</b>	<b>438 298 478</b>	<b>415 176 888</b>	<b>23 121 589</b>	
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Borrowing	349 893	523 514	(173 521)	Not regarded as material
Consumer deposits	3 844 846	3 898 019	(53 173)	Not regarded as material
Trade and other payables	11 292 201	7 965 209	3 326 992	EFT's at 30 June 2015 only released in July 2015 after the year-end
Provisions and Employee Benefits	11 487 419	10 985 349	502 070	Provision of leave and pro-rata bonuses not fully budgeted
<b>Total current liabilities</b>	<b>26 974 460</b>	<b>23 342 091</b>	<b>3 632 369</b>	
<b>Non current liabilities</b>				
Borrowing	1 011 854	838 098	173 757	Not regarded as material
Provisions and Employee Benefits	100 824 245	100 868 089	(43 844)	Not regarded as material
<b>Total non current liabilities</b>	<b>101 836 099</b>	<b>101 706 185</b>	<b>129 914</b>	
<b>TOTAL LIABILITIES</b>	<b>128 810 558</b>	<b>125 048 276</b>	<b>3 762 282</b>	
<b>NET ASSETS</b>	<b>309 487 919</b>	<b>290 128 612</b>	<b>19 359 307</b>	
<b>COMMUNITY WEALTH</b>				
Accumulated Surplus	291 737 919	285 328 513	6 409 307	Refer to the impact of reasons provided above.
Reserves	17 750 000	4 800 000	12 950 000	Diviation is based on cash surpluses and contribution to CRR not anticipated
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>309 487 919</b>	<b>290 128 612</b>	<b>19 359 307</b>	

**CAPE AGULHAS LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015**

**ADJUSTMENTS TO APPROVED BUDGET**

	2015 R	2015 R	2015 R	2015 R	2015 R	2015 R
	(Approved Budget)	(Adjustments)	(Final Budget)			
<b>ASSETS</b>						
<b>Current assets</b>						
Cash	13 442 840	(5 791 940)	7 710 900			
Consumer debtors	20 121 012	1 372 863	21 493 875			
Other Receivables	629 577	224 406	853 983			
Current portion of long-term receivables	6 000	-	6 000			
Inventory	1 135 014	(408 239)	726 776			
<b>Total current assets</b>	<b>35 334 443</b>	<b>(4 542 910)</b>	<b>30 791 533</b>			
<b>Non current assets</b>						
Long-term receivables	338 336	(26 433)	311 903			
Investments	140 459	(95 346)	45 113			
Investment property	35 704 180	4 987 373	40 691 552			
Property, plant and equipment	272 060 255	16 835 704	288 895 960			
Intangible Assets	971 489	413 723	1 385 212			
Capitalised Restoration Cost	18 235 503	34 820 113	53 055 616			
<b>Total non current assets</b>	<b>327 450 222</b>	<b>56 935 134</b>	<b>384 385 355</b>			
<b>TOTAL ASSETS</b>	<b>382 784 664</b>	<b>52 392 224</b>	<b>415 176 888</b>			
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Borrowing	271 897	251 616	523 514			
Consumer deposits	3 754 920	143 099	3 898 019			
Trade and other payables	8 230 770	(265 561)	7 965 209			
Provisions and Employee Benefits	6 654 258	4 301 091	10 955 349			
<b>Total current liabilities</b>	<b>18 911 845</b>	<b>4 430 246</b>	<b>23 342 091</b>			
<b>Non current liabilities</b>						
Borrowing	214 061	624 035	838 096			
Provisions and Employee Benefits	58 858 536	42 009 553	100 868 089			
<b>Total non current liabilities</b>	<b>59 072 597</b>	<b>42 633 589</b>	<b>101 706 185</b>			
<b>TOTAL LIABILITIES</b>	<b>77 984 442</b>	<b>47 063 834</b>	<b>125 048 276</b>			
<b>NET ASSETS</b>	<b>284 800 222</b>	<b>5 328 390</b>	<b>290 128 613</b>			
<b>COMMUNITY WEALTH</b>						
Accumulated Surplus	271 800 222	13 528 390	285 328 613			
Reserves	13 000 000	(8 200 000)	4 800 000			
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>284 800 222</b>	<b>5 328 390</b>	<b>290 128 613</b>			

Explanations for material adjustments

Cash projection based on the adjusted performance results - revenue / expenditure

Adjustment to be in line with projected increase of receivables due to increased legal fees

Adjustment to be in line with projected increase of receivables for traffic fines

Adjustment based on the downward trend projected according to needs identified

Based on projected estimates and not regarded as material

Adjustment to be in line with 2014 actual figures

Adjustment to be in line with 2014 actual figures

Adjustment to be in line with 2014 actual figures

Adjustment to be in line with 2014 actual figures

Adjustment based on actual provision foreseen due to change in minimum requirements - Landfill Site

Adjustment to be in line with 2014 actual figures

Based on projected estimates and not regarded as material

Adjustment to be in line with 2014 actual figures

Adjustment based on draft report results provided by the actuaries for the year under review

Adjustment to be in line with 2014 actual figures

Adjustment based on draft report results provided by the actuaries for the year under review

Refer to the impact of reasons provided above.

Based on projected capital expenditure forecast

**CAPE AGULHAS LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015**  
**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2015 R (Actual)	2015 R (Final Budget)	2015 R (Variance)	Explanations for material variances
<b>REVENUE BY SOURCE</b>				
Property rates	42 895 205	42 783 260	111 945	% Deviation not material
Service charges	110 248 382	111 541 710	(1 293 328)	% Deviation not material and due to decline in electricity usage
Rental of facilities and equipment	5 984 453	5 292 350	692 103	Under budget based on historic trends and revenue projection
Interest earned - external investments	1 848 735	1 741 350	107 385	Deviation due to higher surplus cash available and accurately foreseen
Interest earned - outstanding debtors	995 909	800 000	195 909	Deviation due to increase of outstanding before write-off during April 2015
Fines	3 048 545	1 422 100	1 626 445	Increase mainly due to appointment of service provider effective from February 2015
Licences and permits	1 077 142	1 176 830	(99 688)	% Deviation not material
Agency services	1 382 248	1 306 440	75 808	% Deviation not material
Government Grants and Subsidies - Operating	50 234 262	54 275 206	(4 040 944)	Ad Hoc grant allocation not originally budgeted
Other revenue	3 188 936	2 379 870	809 066	
<b>Total Operating Revenue</b>	<b>220 903 815</b>	<b>222 719 116</b>	<b>(1 815 301)</b>	
<b>EXPENDITURE BY TYPE</b>				
Employee related costs	79 648 163	76 684 670	2 963 493	Deviation as a result of the provision for leave and pro-rata bonuses not properly budgeted
Remuneration of councillors	3 452 005	3 510 525	(58 520)	% Deviation not material
Debt Impairment	5 421 297	3 160 000	2 261 297	Mainly due to the Increase of traffic fines revenue not foreseen and long outstanding debtors
Depreciation & asset Impairment	10 044 261	8 427 020	1 617 241	Deviation mainly due to correction of asset useful lives and additions not sufficient budgeted
Finance charges	4 730 909	4 745 587	(14 678)	% Deviation not material
Bulk purchases	57 446 954	60 311 331	(2 864 377)	% Deviation not material and due to decline in electricity bulk purchases
Contracted services	1 462 646	1 219 500	243 146	% Deviation not material
Other expenditure	69 847 204	80 245 449	(10 398 245)	Deviation as a result of cost saving measures implemented and correction of housing infrastructure grant
Loss on disposal of PPE	543 048	-	543 048	Not budgeted and regarded as not material
<b>Total Operating Expenditure</b>	<b>232 596 488</b>	<b>238 304 082</b>	<b>(5 707 594)</b>	
<b>Operating Deficit for the year</b>	<b>(11 692 673)</b>	<b>(15 584 966)</b>	<b>3 892 293</b>	
Government Grants and Subsidies - Capital	17 856 030	14 351 671	3 504 359	Ad Hoc grant allocation not originally budgeted and correction of housing infrastructure grant allocation
<b>Net Surplus/(Deficit) for the year</b>	<b>6 163 356</b>	<b>(1 233 295)</b>	<b>7 396 651</b>	



**CAPE AGULHAS LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015**

**ADJUSTMENTS TO APPROVED BUDGET**

	2015 R	2015 R	2015 R	
	(Approved Budget)	(Adjustments)	(Final Budget)	Reasons for material adjustments
<b>REVENUE BY SOURCE</b>				
Property rates	42 304 130	479 130	42 783 260	%Deviation adjustment not material
Service charges	115 730 680	(4 188 950)	111 541 710	%Deviation adjustment not material and due to decline in electricity usage
Rental of facilities and equipment	5 287 350	5 000	5 292 350	%Deviation adjustment not material
Interest earned - external investments	1 866 140	75 210	1 741 350	%Deviation adjustment not material
Interest earned - outstanding debtors	723 430	76 570	800 000	%Deviation adjustment not material
Fines	572 100	850 000	1 422 100	Increase due to appointment of service provider and as a result higher revenue projection
Licences and permits	1 223 100	(46 270)	1 176 830	%Deviation adjustment not material
Agency services	1 306 440	-	1 306 440	
Government Grants and Subsidies - Operating	47 865 470	6 609 736	54 275 206	Adjustment based on projected expenditure for recognition
Other revenue	2 366 250	13 620	2 379 870	%Deviation adjustment not material
<b>Total Operating Revenue</b>	<b>218 845 070</b>	<b>3 874 047</b>	<b>222 719 116</b>	
<b>EXPENDITURE BY TYPE</b>				
Employee related costs	78 871 351	(2 186 681)	76 684 670	%Deviation adjustment not material and due to change in disclosure of interest - employee benefits
Remuneration of councillors	3 510 523	2	3 510 525	
Debt impairment	1 095 000	2 065 000	3 160 000	Adjustment in line with 2014 actual figures projection
Depreciation & asset impairment	6 944 959	1 482 061	8 427 020	Under budget in terms of the projected expenditure aligned with previous year adjustments
Finance charges	1 242 060	3 503 527	4 745 587	Change in disclosure employee benefits
Bulk purchases	59 397 000	914 331	60 311 331	%Deviation adjustment not material and aligned with projected expenditure trends
Contracted services	1 430 000	(210 500)	1 219 500	%Deviation adjustment not material
Other expenditure	73 989 000	6 256 449	80 245 449	Additional grant allocation not originally budgeted and part of other expenditure
<b>Total Operating Expenditure</b>	<b>226 479 893</b>	<b>11 824 189</b>	<b>238 304 082</b>	
<b>Operating Deficit for the year</b>	<b>(7 634 824)</b>	<b>(7 950 142)</b>	<b>(15 584 966)</b>	
Government Grants and Subsidies - Capital	11 070 530	3 281 141	14 351 671	Additional grant allocation not originally budgeted
<b>Net Surplus/(Deficit) for the year</b>	<b>3 435 706</b>	<b>(4 669 001)</b>	<b>(1 233 295)</b>	

**CAPE AGULHAS LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015**  
**COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET**

	2015 R (Actual)	2015 R (Final Budget)	2015 R (Variance)	Explanations for material variances
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Receipts				
Ratepayers and other	160 147 987	167 607 971	(7 459 984)	%Deviation not material
Government	62 732 933	61 569 180	1 163 753	%Deviation not material and as a result of ad hoc grants not budgeted
Interest	2 844 643	2 541 350	303 293	%Deviation not material and due to more surplus cash than anticipated
Payments				
Suppliers and Employees	(205 692 948)	(225 601 016)	19 908 067	Implementation of cost saving measures to increase cash surplus at year end
Finance charges	(89 273)	(113 950)	14 677	Not regarded as material
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>19 933 341</b>	<b>6 003 536</b>	<b>13 929 806</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Receipts				
Decrease in non-current receivables	41 457	6 554	34 903	Not regarded as material
Payments				
Capital assets	(22 424 661)	(19 636 331)	(2 788 330)	%Deviation not material and due to adjustment other assets not budgeted
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(22 383 204)</b>	<b>(19 629 777)</b>	<b>(2 753 428)</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Receipts				
Increase in consumer deposits	201 838	255 011	(53 173)	Not regarded as material
Payments				
Repayment of borrowing	(325 085)	(325 071)	(13)	Not regarded as material
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(123 247)</b>	<b>(70 061)</b>	<b>-53 186</b>	
<b>NET DECREASE IN CASH HELD</b>	<b>(2 573 109)</b>	<b>(13 696 302)</b>	<b>11 123 193</b>	
Cash and Cash Equivalents at the beginning of the year	21 407 201	21 407 201	-	Implemented cost saving measures and in line with increase in payables -30 June 2015
Cash and Cash Equivalents at the end of the year	18 834 092	7 710 900	11 123 192	

**CAPE AGULHAS LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015**

**ADJUSTMENTS TO APPROVED BUDGET**

	2015 R	2015 R	2015 R	Reasons for material adjustments
	(Approved Budget)	(Adjustments)	(Final Budget)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Receipts				
Ratepayers and other	162 968 383	4 639 589	167 607 971	%Deviation adjustment not material and alignment of revenue projected estimates
Government	58 736 000	2 833 180	61 569 180	Additional grant allocation not originally budgeted
Interest	2 389 570	151 780	2 541 350	%Deviation adjustment not material
Payments	(212 682 331)	(12 918 685)	(225 601 016)	Adjustments based on projected expenditure estimates for recognition
Suppliers and Employees	(1 242 060)	1 128 110	(113 950)	%Deviation adjustment not material
Finance charges	10 169 562	-4 166 026	6 003 536	
<b>NET CASH FROM OPERATING ACTIVITIES</b>				
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Receipts	6 477	77	6 554	Not regarded as material
Decrease in non-current receivables				
Payments	(14 701 030)	(4 935 301)	(19 636 331)	Additional Ad Hoc allocations received
Capital assets	(14 694 553)	(4 935 224)	(19 629 777)	
<b>NET CASH USED IN INVESTING ACTIVITIES</b>				
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Receipts	212 543	42 468	255 011	Not regarded as material
Increase in consumer deposits	(310 953)	(14 118)	(325 071)	Not regarded as material
Payments	(98 410)	28 350	(70 061)	
Repayment of borrowing				
<b>NET CASH USED IN FINANCING ACTIVITIES</b>				
<b>NET DECREASE IN CASH HELD</b>	(4 623 401)	(9 072 901)	(13 696 302)	
Cash and Cash Equivalents at the beginning of the year	18 066 241	3 340 961	21 407 201	Cash adjustment aligned with closing actual balances on 30 June 2014
Cash and Cash Equivalents at the end of the year	13 442 840	(5 731 940)	7 710 900	

**CAPE AGULHAS LOCAL MUNICIPALITY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED**

**30 JUNE 2015**

**1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE ANNUAL FINANCIAL STATEMENTS**

**1.1. BASIS OF PREPARATION**

The annual financial statements have been prepared on the accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8,10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Economic Entity applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible where the acquisition cost of an asset could not be determined.

**1.2. PRESENTATION CURRENCY**

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

**1.3. GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on a going concern basis.

**1.4. COMPARATIVE INFORMATION**

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where

there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

#### **1.5. PRESENTATION OF BUDGET INFORMATION**

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2014 to 30 June 2015. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for material differences between the approved and final budget are included in the Notes to the Financial Statements.

Explanations for material differences between the final budget amounts and actual amounts are included the Notes to the Financial Statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

#### **1.6. MATERIALITY**

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. In general, materiality is determined as 1% of total operating expenditure. This materiality figure is from management's perspective and does not correlate with the auditor's materiality.

**1.7. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Economic Entity:

Standard	Description	Effective Date
<b>Directive 11</b>	<p><b>Changes in Measurement Bases following Initial Adoption of Standards of GRAP</b></p> <p>This Directive can be applied when a Economic Entity elects to change the measurement bases selected for certain assets on the initial adoption of Standards of GRAP.</p> <p>No significant impact is expected as the Economic Entity has no intention of changing its measurement bases at this stage.</p>	<b>1 April 2015</b>
<b>GRAP 18</b> (Original – Feb 2011)	<p><b>Segment Reporting</b></p> <p>The objective of this Standard is to establish principles for reporting financial information by segments.</p> <p>No significant impact is expected. Information on expenditure by vote is already included in the notes to the financial statements.</p>	<b>1 April 2015</b>
<b>GRAP 20</b> (Original – June 2011)	<p><b>Related Party Disclosure</b></p> <p>The objective of this Standard is to ensure that a Economic Entity's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Economic Entity previously resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	<b>Unknown</b>
<b>GRAP 32</b> (Original – Aug 2013)	<p><b>Service Concession Arrangements: Grantor</b></p> <p>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity.</p> <p>No such transactions or events are expected in the foreseeable future.</p>	<b>Unknown</b>
<b>GRAP 105</b> (Original – Nov 2010)	<p><b>Transfer of Functions Between Entities Under Common Control</b></p> <p>The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.</p>	<b>1 April 2015</b>

	No significant impact expected as no such transactions or events are expected in the foreseeable future.	
<b>GRAP 106</b> (Original – Nov 2010)	<b>Transfer of Functions Between Entities Not Under Common Control</b> The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.  No significant impact expected as no such transactions or events are expected in the foreseeable future.	<b>1 April 2015</b>
<b>GRAP 107</b> (Original – Nov 2010)	<b>Mergers</b> The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger.  No significant impact expected as no such transactions or events are expected in the foreseeable future.	<b>1 April 2015</b>
<b>GRAP 108</b> (Original – Sept 2013)	<b>Statutory Receivables</b> The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.  The Economic Entity has resolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy.	<b>Unknown</b>
<b>GRAP 109</b>	<b>Accounting by Principles and Agents</b> The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.  No significant impact is expected as the Economic Entity's current treatment is already in line with the Standards treatment.	<b>Unknown</b>
<b>IGRAP 11</b>	<b>Consolidation - Special Purpose Entities (SPE)</b> The objective of this Interpretation of the Standard is to prescribe under what circumstances an entity should consolidate a SPE.  No significant impact is expected as the Economic Entity does not have any SPE's at this stage.	<b>1 April 2015</b>
<b>IGRAP 12</b>	<b>Jointly Controlled Entities non-monetary contributions</b> The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venturer to a	<b>1 April 2015</b>

	<p>Jointly Controlled Entity (JCE).</p> <p>No significant impact is expected as the Economic Entity does not have any JCE's at this stage.</p>	
IGRAP17	<p><b>Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset</b></p> <p>This Interpretation of the Standards provides guidance to the grantor where it has entered into a service concession arrangement, but only controls a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.</p> <p>No such transactions or events are expected in the foreseeable future.</p>	Unknown

These standards, amendments and interpretations will not have a significant impact on the Economic Entity once implemented.

## 1.8. RESERVES

### 1.8.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus / (deficit) to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (deficit) are credited by a corresponding amount when the amounts in the CRR are utilised.

The CRR must be cash backed and the Director Financial Services is delegated to determine the contribution to/from the CRR during the compilation of the annual financial statements.

### 1.8.2 Valuation Roll Reserve

The aim of this reserve is to ensure sufficient cash resources are available to undertake a General Valuation as per the Municipal Property Rates Act. This reserve was released to accumulated surplus in the previous year.

## 1.9. LEASES

### 1.9.1 Economic Entity as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Economic Entity. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Economic Entity uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or



intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Economic Entity shall recognise the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

#### **1.9.2 *Economic Entity as Lessor***

Under a finance lease, the Economic Entity recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Economic Entity, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Economic Entity shall recognise the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

### **1.10. GOVERNMENT GRANTS AND RECEIPTS**

#### **1.10.1 *Unspent Conditional Government Grants and Receipts***

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants and subsidies.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Economic Entity until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Economic Entity's interest it is recognised as interest earned in the Statement of Financial Performance.

### **1.10.2 Unpaid Conditional Government Grants and Receipts**

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Economic Entity has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met.

The following provisions are set for the creation and utilisation of the grants as receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

### **1.11. UNSPENT PUBLIC CONTRIBUTIONS**

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Economic Entity until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Economic Entity's interest it is recognised as interest earned in the Statement of Financial Performance.

### **1.12. PROVISIONS**

Provisions are recognised when the Economic Entity has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The Economic Entity does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is possible.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future

operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Economic Entity has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
  - the principal locations affected;
  - the location, function and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented.
- (b) The Economic Entity has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision shall be de-recognised..

### **1.13. EMPLOYEE BENEFITS**

#### **(a) *Post-Retirement Medical Obligations***

The Economic Entity provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Economic Entity are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

#### **(b) *Long Service Awards***

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Economic Entity. The Economic

Entity's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

**(c) *Accrued Leave Pay***

Liabilities for annual leave are recognised as they accrue to employees aligned to the Bargaining Council Agreement. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

**(d) *Performance Bonuses***

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is maintained. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

**(e) *Pension and Retirement Fund Obligations***

The Economic Entity provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Defined benefit plans are post-employment benefit plans other than defined contribution plans. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

**(f) *Staff Bonuses***

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

**(g) Other Short-term Employee Benefits**

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

**1.14. BORROWING COSTS**

The Economic Entity recognises all borrowing costs as an expense in the period in which they are incurred.

**1.15. PROPERTY, PLANT AND EQUIPMENT**

**1.15.1 Initial Recognition**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Economic Entity. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Economic Entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Economic Entity expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

### 1.15.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Economic Entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

### 1.15.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

	Years		Years
<b><u>Infrastructure</u></b>		<b><u>Other</u></b>	
Streets and Stormwater	8 – 100	Buildings and Improvements	5 - 100
Solid Waste	10 – 64	Specialist vehicles	12-30
Electricity	10 - 64	Other vehicles	10-15
Water	12 - 102	Office equipment	2-30
Sewerage and sanitation	13 - 89	Furniture and fittings	10-30
		Tools and equipment	5 - 30
		Equipment	5-50
<b><u>Community</u></b>		Tables	10 - 30
Recreational Facilities	5-50	Chairs	10-30
Clinics	100	Computer equipment	3 - 10
Halls	10 – 100	Landfill Sites	9 – 68
Libraries	10-100		
Parks and gardens	30		
Sport Facilities	10-100		

#### **Finance lease assets**

Office equipment	3 – 5
Vehicles	5

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

#### **1.15.5 De-recognition**

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### **1.16. INTANGIBLE ASSETS**

#### **1.16.1 Initial Recognition**

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The Economic Entity recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Economic Entity and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Economic Entity intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Economic Entity has the resources to complete the project; and
- it is probable that the Economic Entity will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, the deemed cost is the carrying amount of the asset(s) given up.

#### **1.16.2 Subsequent Measurement – Cost Model**

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairment losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

### **1.16.3 Amortisation and Impairment**

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	5
Computer Software Licenses	5

### **1.16.4 De-recognition**

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

## **1.17. INVESTMENT PROPERTY**

### **1.17.1 Initial Recognition**

Investment property shall be recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

At initial recognition, the Economic Entity measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Economic Entity accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.



#### **1.17.2 Subsequent Measurement – Cost Model**

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

#### **1.17.3 Depreciation and Impairment – Cost Model**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	<u>Years</u>
Buildings	100
Land	Indefinite

#### **1.17.4 De-recognition**

Investment property is derecognised when it is disposed of or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

#### **1.18. NON-CURRENT ASSETS HELD FOR SALE**

The Standard of GRAP relating to non-current assets is phased out in the current year. From 1 July 2014 no items shall be classified as "Held for sale". In the scenario where items are being disposed of, the classification of the item (ie Property Plant and Equipment, Investment Property or Intangible assets) along with the basis of measurement will not change up until date of disposal.

#### **1.19. IMPAIRMENT OF NON-FINANCIAL ASSETS**

##### **1.19.1 Cash-generating assets**

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Economic Entity assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Economic Entity estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less

costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Economic Entity estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

#### **1.19.2 Non-cash-generating assets**

Non-cash-generating assets are assets other than cash-generating assets.

The Economic Entity assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Economic Entity estimates the asset's recoverable service amount.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- *depreciated replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of

the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The Economic Entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Economic Entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

#### **1.20. NON CURRENT INVESTMENTS**

Financial instruments, which include, investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

#### **1.21. INVENTORIES**

##### **1.21.1 Initial Recognition**

Inventories comprise current assets held for consumption or distribution during the ordinary course of business. Inventories shall be recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the Economic Entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

### **1.21.2 Subsequent Measurement**

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network. Water inventory is recognised at cost.

## **1.22. FINANCIAL INSTRUMENTS**

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange transactions and non-exchange transactions).

### **1.22.1 Initial Recognition**

Financial instruments are initially recognised when the Economic Entity becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

### **1.22.2 Subsequent Measurement**

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

#### **1.22.2.1 Receivables**

Receivables are classified as loans and receivables, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Economic Entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Economic Entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or

not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Economic Entity. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

#### **1.22.2.2      Payables and Annuity Loans**

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

#### **1.22.2.3      Cash and Cash Equivalents**

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Economic Entity categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

#### **1.22.2.4      Non-Current Investments**

Investments which include investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments

### **1.22.3 De-recognition of Financial Instruments**

#### **1.22.3.1 Financial Assets**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Economic Entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Economic Entity has transferred substantially all the risks and rewards of the asset, or (b) the Economic Entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Economic Entity has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Economic Entity's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Economic Entity could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Economic Entity's continuing involvement is the amount of the transferred asset that the Economic Entity may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Economic Entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

#### **1.22.3.2 Financial Liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

### **1.22.4 Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

## **1.23 STATUTORY RECEIVABLES**

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

### **1.23.1 Initial Recognition**

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

### **1.23.2 Measurement**

The Economic Entity initially measures the statutory receivables at their transaction amount. The Economic Entity measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- (a) interest or other charges that may have accrued on the receivable;
- (b) impairment losses; and
- (c) amounts derecognised.

The Economic Entity assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Economic Entity measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Economic Entity considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Economic Entity discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

### **1.23.3 De-recognition**

The Economic Entity derecognises a statutory receivable when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) the Economic Entity transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) the Economic Entity, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Economic Entity:

- (i) derecognise the receivable; and
- (ii) recognise separately any rights and obligations created or retained in the transfer.

## **1.24. REVENUE**

### **1.24.1 Revenue from Non-Exchange Transactions**

Revenue from non-exchange transactions refers to transactions where the Economic Entity received revenue without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Economic Entity does not enforce its obligation to collect the revenue, is a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine revenue constitutes both spot fines and summonses. Fine revenue is recognised when the offence occurs. In cases where fines and summonses are issued by another government institute, revenue will only be recognised when monies are received, as the Economic Entity does not have any control over fines issued by other government institutes.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Economic Entity. Where public contributions have been received but the Economic Entity has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Economic Entity.

After a period of twelve months all unclaimed deposits into the Economic Entity's bank account will be treated as revenue as historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue.



Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Economic Entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

#### **1.24.2 Revenue from Exchange Transactions**

Revenue from exchange transactions refers to revenue that accrued to the Economic Entity directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable. At the time of initial recognition the full amount of revenue is recognised. If the Economic Entity does not enforce its obligation to collect the revenue, is a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Economic Entity was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created. . The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. An adjustment is made at year-end for unused units.

Service charges relating to refuse removal are recognised on an annual basis in advance by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage.

Service charges from sanitation (sewerage) are recognised on an annual basis in advance by applying the approved tariff to each property that has improvements.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the Economic Entity acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the Economic Entity as compensation for executing the agreed services.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

## **1.25. RELATED PARTIES**

The Economic Entity resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Economic Entity:

- (a) A person or a close member of that person's family is related to the Economic Entity if that person:
  - has control or joint control over the Economic Entity.
  - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Economic Entity.
  - is a member of the management of the Economic Entity or its controlling entity.

- (b) An entity is related to the Economic Entity if any of the following conditions apply:
- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
  - both entities are joint ventures of the same third party.
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - the entity is a post-employment benefit plan for the benefit of employees of either the Economic Entity or an entity related to the Economic Entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
  - the entity is controlled or jointly controlled by a person identified in (a).
  - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Economic Entity. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Economic Entity, including:

- (a) all members of the governing body of the Economic Entity;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Economic Entity;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Economic Entity; and
- (d) the senior management team of the Economic Entity, including the chief executive officer or permanent head of the Economic Entity, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Economic Entity, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Economic Entity being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Economic Entity in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Economic Entity for

services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Economic Entity.

The Economic Entity operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

#### **1.26. UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted or is expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, or is expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### **1.27. IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Economic Entity's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### **1.28. FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### **1.29. CONTINGENT LIABILITIES**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Management judgement is required when recognising and measuring contingent liabilities.

### **1.30. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

In the process of applying the Economic Entity's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

#### ***Post-Retirement Medical Obligations and Long Service Awards***

The cost of post-retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

#### ***Impairment of Receivables***

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

#### ***Property, Plant and Equipment***

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Economic Entity referred to buildings in other municipal areas to determine the useful life of buildings. The Economic Entity also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- cost of items with a similar nature currently in the Economic Entity's asset register;

- cost of items with a similar nature in other municipalities' asset registers, given that the other Economic Entity has the same geographical setting as the Economic Entity and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

#### ***Intangible Assets***

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Management referred to the following when making assumptions regarding useful lives of intangible assets:

- Reference was made to intangibles used within the Economic Entity and other municipalities to determine the useful life of the assets.

#### ***Investment Property***

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Economic Entity referred to buildings in other municipal areas to determine the useful life of buildings.
- The Economic Entity also consulted with professional engineers and qualified valuers to support the useful life of buildings.

#### ***Provisions and Contingent liabilities***

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

#### ***Revenue Recognition***

Accounting Policy 1.24.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.24.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Economic Entity.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the Economic Entity, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The

management of the Economic Entity is satisfied that recognition of the revenue in the current year is appropriate.

#### ***Provision for Landfill Sites***

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value of the expected future cash flows to rehabilitate the landfill site at year end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

#### ***Provision for Performance bonuses***

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by council.

#### ***Provision for staff bonuses***

The provision for bonuses is based on the value of bonuses already accrued to employees at year end.

#### ***Provision for Staff leave***

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

#### ***Pre-paid electricity estimation***

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year end that is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 10 days' worth of unused electricity.

#### ***Componentisation of infrastructure assets***

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

### **1.31. TAXES – VALUE ADDED TAX**

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

### **1.32. CAPITAL COMMITMENTS**

Capital commitments disclosed in the financial statements represents the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

### **1.33. AMENDED DISCLOSURE POLICY**

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

### **1.34. TAXATION**

#### **1.34.1 *Current tax assets and liabilities***

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

#### **1.34.2 *Deferred tax assets and liabilities***

Deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax



rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

#### **1.34.3 Tax expenses**

Current and deferred taxes are recognised as income or an expense and included in surplus/deficit for the period.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**2 NET ASSET RESERVES**

	ECONOMIC ENTITY		MUNICIPALITY	
	2015 R	2014 R	2015 R	2014 R
RESERVES	309 487 919	303 324 563	309 487 919	303 324 563
Capital Replacement Reserve	17 750 000	15 750 000	17 750 000	15 750 000
Accumulated Surplus	291 737 919	287 574 563	291 737 919	287 574 563
<b>Total Net Asset Reserve and Liabilities</b>	<b>309 487 919</b>	<b>303 324 563</b>	<b>309 487 919</b>	<b>303 324 563</b>

**3 LONG TERM LIABILITIES**

Annuity Loans - At amortised cost	399 444	559 910	399 444	559 910
Capitalised Lease Liability - At amortised cost	962 403	247 421	962 403	247 421
	<b>1 361 846</b>	<b>807 331</b>	<b>1 361 846</b>	<b>807 331</b>
<b>Less:</b> Current Portion transferred to Current Liabilities	<b>349 993</b>	<b>303 785</b>	<b>349 993</b>	<b>303 785</b>
Annuity Loans - At amortised cost	185 375	160 467	185 375	160 467
Capitalised Lease Liability - At amortised cost	164 618	143 318	164 618	143 318
<b>Total Long-term Liabilities - At amortised cost using the effective interest rate method</b>	<b>1 011 854</b>	<b>503 546</b>	<b>1 011 854</b>	<b>503 546</b>

Annuity loans at amortised cost is calculated at 15.00% interest rate a maturity date of 30 June 2017. Annuity loans consist out of one loan from the Development Bank of South Africa (DBSA)

The obligations under annuity loans are scheduled below:

	Minimum annuity payments		Minimum annuity payments	
Amounts payable under annuity loans:				
Payable within one year	238 724	238 724	238 724	238 724
Payable within two to five years	238 457	477 180	238 457	477 180
	<b>477 180</b>	<b>715 904</b>	<b>477 180</b>	<b>715 904</b>
<b>Less:</b> Future finance obligations	<b>(77 737)</b>	<b>(155 994)</b>	<b>(77 737)</b>	<b>(155 994)</b>
<b>Present value of annuity obligations</b>	<b>399 444</b>	<b>559 910</b>	<b>399 444</b>	<b>559 910</b>

The obligations under finance leases are scheduled below:

	Minimum lease payments		Minimum lease payments	
Amounts payable under finance leases:				
Payable within one year	408 292	157 571	408 292	157 571
Payable within two to five years	688 135	112 152	688 135	112 152
	<b>1 094 427</b>	<b>269 723</b>	<b>1 094 427</b>	<b>269 723</b>
<b>Less:</b> Future finance obligations	<b>(132 024)</b>	<b>(22 302)</b>	<b>(132 024)</b>	<b>(22 302)</b>
<b>Present value of lease obligations</b>	<b>962 403</b>	<b>247 421</b>	<b>962 403</b>	<b>247 421</b>

The outstanding finance lease liability for both the Economic Entity and Municipality is made up of the following agreements:

Institution	Interest Rate	Redemption date	Carrying value of related assets		Outstanding Balance	
			2015 R	2014 R	2015 R	2014 R
Nashua (1 Copier- 33 Months)	9.00%	31/08/2014	-	18 750	-	2 630
Nashua (8 Copiers - 36 Months)	9.00%	30/11/2014	-	143 630	-	46 166
OTC (4 Copiers - 36 Months)	9.00%	30/11/2014	-	73 535	-	21 382
Nashua (1 Copier- 36 Months)	9.00%	31/07/2014	-	68 843	-	6 211
Custom Capital (2 Copiers - 36 Months)	8.50%	31/10/2015	4 979	19 638	6 456	20 928
Nashua (1 Copier - 36 Months)	9.00%	28/02/2017	145 294	182 055	98 648	151 136
Nashua (28 Copiers - 36 Months)	9.23%	31/05/2018	856 305	-	858 300	-
			<b>1 006 578</b>	<b>486 448</b>	<b>962 403</b>	<b>247 421</b>

All lease agreements have no escalation clause over the respective periods. After the lease agreement expires, lease payments will continue on a month to month basis until the contract is renewed or cancelled. Equipment will be returned to the supplier at the end of the lease term when the contract is cancelled.

Leases are secured by property, plant and equipment - Note 13

**CAPE AGULHAS LOCAL MUNICIPALITY**  
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4

**EMPLOYEE BENEFITS**

	ECONOMIC ENTITY		MUNICIPALITY	
	2015 R	2014 R	2015 R	2014 R
Post Retirement Benefits - Refer to Note 4.2	37 318 075	31 880 012	37 318 075	31 880 012
Long Service Awards - Refer to Note 4.3	5 365 579	4 682 449	5 365 579	4 682 449
<b>Total Non-current Employee Benefit Liabilities</b>	<b>42 683 654</b>	<b>36 562 461</b>	<b>42 683 654</b>	<b>36 562 461</b>
<b><u>Post Retirement Benefits</u></b>				
Balance 1 July	32 636 948	27 264 704	32 636 948	27 264 704
Contribution for the year	4 652 464	3 817 731	4 652 464	3 817 731
Expenditure for the year	(711 620)	(718 854)	(711 620)	(718 854)
Actuarial Loss	1 569 027	2 273 367	1 569 027	2 273 367
<b>Total post retirement benefits 30 June</b>	<b>38 146 819</b>	<b>32 636 948</b>	<b>38 146 819</b>	<b>32 636 948</b>
<b>Less: Transfer of Current Portion - Note 7</b>	<b>(828 744)</b>	<b>(756 936)</b>	<b>(828 744)</b>	<b>(756 936)</b>
<b>Balance 30 June</b>	<b>37 318 075</b>	<b>31 880 012</b>	<b>37 318 075</b>	<b>31 880 012</b>
<b><u>Long Service Awards</u></b>				
Balance 1 July	5 013 580	4 074 805	5 013 580	4 074 805
Contribution for the year	777 730	669 006	777 730	669 006
Expenditure for the year	(322 575)	(230 626)	(322 575)	(230 626)
Actuarial Loss	350 956	500 295	350 956	500 295
<b>Total long service 30 June</b>	<b>5 819 691</b>	<b>5 013 580</b>	<b>5 819 691</b>	<b>5 013 580</b>
<b>Less: Transfer of Current Portion - Note 7</b>	<b>(454 112)</b>	<b>(331 131)</b>	<b>(454 112)</b>	<b>(331 131)</b>
<b>Balance 30 June</b>	<b>5 365 579</b>	<b>4 682 449</b>	<b>5 365 579</b>	<b>4 682 449</b>
<b><u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u></b>				
Balance 1 July	37 650 528	31 339 609	37 650 528	31 339 609
Contribution for the year	5 430 194	4 488 737	5 430 194	4 488 737
Expenditure for the year	(1 034 195)	(949 480)	(1 034 195)	(949 480)
Actuarial Loss	1 919 983	2 773 682	1 919 983	2 773 682
<b>Total employee benefits 30 June</b>	<b>43 966 510</b>	<b>37 650 528</b>	<b>43 966 510</b>	<b>37 650 528</b>
<b>Less: Transfer of Current Portion - Note 7</b>	<b>(1 282 856)</b>	<b>(1 088 067)</b>	<b>(1 282 856)</b>	<b>(1 088 067)</b>
<b>Balance 30 June</b>	<b>42 683 654</b>	<b>36 562 461</b>	<b>42 683 654</b>	<b>36 562 461</b>

**4.1 Retirement funds**

The Economic Entity requested detailed employee and pensioner information as well as information on the Economic Entity's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Economic Entity is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Economic Entity's process to value the defined benefit liabilities, the Economic Entity requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Economic Entity. Without detailed pensioner data the Economic Entity was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

**CAPE JOINT PENSION FUND**

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2014 revealed that the fund is in a sound financial position with a funding level of 100.2% (30 June 2013 - 99.2%).

Contributions paid recognised in the Statement of Financial Performance	201 698	116 197	201 698	116 197
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**CAPE RETIREMENT FUND**

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2014 revealed that the fund is in a sound financial position with a funding level of 112.6% (30 June 2013 - 105.1%).

Contributions paid recognised in the Statement of Financial Performance	7 044 959	5 915 234	7 044 959	5 915 234
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**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

4

**EMPLOYEE BENEFITS (CONTINUED)**

**DEFINED CONTRIBUTION FUNDS**

Council contribute to the Municipal Council Pension Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

	ECONOMIC ENTITY		MUNICIPALITY	
	2015 R	2014 R	2015 R	2014 R
Contributions paid recognised in the Statement of Financial Performance				
Municipal Councillors Pension Fund	271 383	256 397	271 383	256 397
SAMWU National Provident Fund	882 771	833 419	882 771	833 419
	<b>1 154 154</b>	<b>1 089 816</b>	<b>1 154 154</b>	<b>1 089 816</b>

**4.2 Post Retirement Benefits**

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

	2015	2014	2015	2014
In-service (employee) members	93	94	93	94
In-service (employee) non-members	216	196	216	196
Continuation members (e.g. Retirees, widows, orphans)	23	23	23	23
<b>Total Members</b>	<b>332</b>	<b>313</b>	<b>332</b>	<b>313</b>

The liability in respect of past service has been estimated to be as follows:

In-service members	24 900 937	20 294 418	24 900 937	20 294 418
Continuation members	13 245 882	12 342 532	13 245 882	12 342 532
<b>Total Liability</b>	<b>38 146 819</b>	<b>32 636 948</b>	<b>38 146 819</b>	<b>32 636 948</b>

The liability in respect of periods commencing prior to the comparative year has been estimated as follows for both the Economic Entity and Municipality:

	2013 R	2012 R	2011 R
<b>Total Liability</b>	<b>27 264 704</b>	<b>23 048 325</b>	<b>20 733 898</b>

Experience adjustments were calculated as follows for both the Economic Entity and Municipality:

	2015 R m	2014 R m	2013 R m	2011 R m
Liabilities: (Gain) / loss	1 761	(0.085)	0.878	0.544
Assets: Gain / (loss)	-	-	-	-

The Economic Entity makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;  
 LA Health  
 Hosmed  
 Samwumed; and  
 Keyhealth

	ECONOMIC ENTITY		MUNICIPALITY	
	2015 %	2014 %	2015 %	2014 %
Key actuarial assumptions used:				
i) <b>Rate of Interest</b>				
Discount rate	8.95%	9.21%	8.95%	9.21%
Health Care Cost Inflation Rate	8.06%	8.34%	8.06%	8.34%
Net Effective Discount Rate	0.82%	0.80%	0.82%	0.80%

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

**ii) Mortality rates**

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

**iii) Normal retirement age**

It has been assumed that in-service members will retire at age 65, which then implicitly allows for expected rates of early and ill-health retirement.

**iv) Valuation reports**

The last valuation was performed on 9 June 2015.

**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

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**EMPLOYEE BENEFITS (CDTINUED)**

**vi) Actuarial Valuation Method**

The Projected Unit Credit Method has been used to value the liabilities.

	<b>ECONOMIC ENTITY</b>		<b>MUNICIPALITY</b>	
	<b>2015 R</b>	<b>2014 R</b>	<b>2015 R</b>	<b>2014 R</b>
The amounts recognised in the Statement of Financial Position are as follows:				
Present value of fund obligations	38 146 819	32 636 948	38 146 819	32 636 948
<b>Net liability</b>	<b>38 146 819</b>	<b>32 636 948</b>	<b>38 146 819</b>	<b>32 636 948</b>
The liability is unfunded.				
<b>Reconciliation of present value of fund obligation:</b>				
Present value of fund obligation at the beginning of the year	32 636 948	27 264 704	32 636 948	27 264 704
Total expenses	3 940 844	3 098 877	3 940 844	3 098 877
Current service cost	1 681 639	1 396 352	1 681 639	1 396 352
Interest Cost	2 970 825	2 421 379	2 970 825	2 421 379
Benefits Paid	(711 620)	(718 854)	(711 620)	(718 854)
Actuarial losses	1 569 027	2 273 367	1 569 027	2 273 367
Present value of fund obligation at the end of the year	38 146 819	32 636 948	38 146 819	32 636 948
<b>Less: Transfer of Current Portion - Note 7</b>	<b>(828 744)</b>	<b>(755 936)</b>	<b>(828 744)</b>	<b>(755 936)</b>
<b>Balance 30 June</b>	<b>37 318 075</b>	<b>31 880 012</b>	<b>37 318 075</b>	<b>31 880 012</b>

**Sensitivity Analysis on the Accrued Liability for both Economic Entity and Municipality:**

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions	24,901	13,246	38,147	
The effect of movements in the assumptions are as follows:				
Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	31,264	14,734	46,018	21%
Health care inflation	19,974	11,972	31,946	-16%
Discount rate	20,047	11,992	32,039	-18%
Discount rate	31,294	14,737	46,031	-21%
Post-retirement mortality	25,854	13,751	39,605	4%
Average retirement age	27,244	13,246	40,490	6%
Continuation of membership at retirement	22,058	13,246	35,304	-7%

For both the Economic Entity and Municipality, the Future-service Cost for the ensuing year is estimated to be R 2 073 591, whereas the Interest Cost for the next year is estimated to be R 3 376 361.

**Sensitivity Analysis on the Future Service Cost and Interest for both Economic Entity and Municipality:**

Assumption	Change	Current-service Cost (R m)	Interest Cost (R m)	Total (R m)	% change
Central Assumption		2,074	3,376	5,450	
The effect of movements in the assumptions are as follows:					
Health care inflation	1%	2,639	4,081	6,719	23%
Health care inflation	-1%	1,643	2,622	4,465	-16%
Discount rate	1%	1,665	3,146	4,811	-12%
Discount rate	-1%	2,616	3,625	6,241	15%
Post-retirement mortality	-1 year	2,152	3,507	5,659	4%
Average retirement age	-1 year	2,220	3,586	5,806	7%
Continuation of membership at retirement	-10%	1,640	3,122	4,962	-9%

**4.3 Long Service Bonuses**

The Long Service Bonus plans are defined benefit plans. As at year end, 309 (2014 - 290) employees were eligible for Long Service Bonuses.

**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

4

**EMPLOYEE BENEFITS (CONTINUED)**

	ECONOMIC ENTITY		MUNICIPALITY	
	2015 %	2014 %	2015 %	2014 %
Key actuarial assumptions used:				
i) <b>Rate of interest</b>				
Discount rate	8.10%	8.28%	8.10%	8.28%
General Salary Inflation (long-term)	7.16%	7.30%	7.16%	7.30%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.87%	0.91%	0.87%	0.91%
The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"				
ii) <b>Valuation reports</b>				
The last valuation was performed on 9 June 2015.				
iii) <b>Actuarial Valuation Method</b>				
The Projected Unit Credit Method has been used to value the liabilities.				
The amounts recognised in the Statement of Financial Position are as follows:				
	2015 R	2014 R	2015 R	2014 R
Present value of fund obligations	5 819 691	5 013 580	5 819 691	5 013 580
<b>Net liability</b>	<b>5 819 691</b>	<b>5 013 580</b>	<b>5 819 691</b>	<b>5 013 580</b>
The liability is unfunded.				
The liability in respect of periods commencing prior to the comparative year has been estimated as follows for both the Economic Entity and Municipality:				
		2013 R	2012 R	2011 R
<b>Total Liability</b>		<b>4 074 905</b>	<b>3 324 864</b>	<b>2 963 946</b>
Experience adjustments were calculated as follows for both the Economic Entity and Municipality:				
	2015 R	2014 R	2013 R	2011 R
Liabilities: (Gain) / loss	335 973	524 617	118 178	128 794
Assets: Gain / (loss)	-	-	-	-
	2015 R	2014 R	2013 R	2014 R
<b>Reconciliation of present value of fund obligation:</b>				
Present value of fund obligation at the beginning of the year	5 013 580	4 074 905	5 013 580	4 074 905
Total expenses	455 155	438 380	455 155	438 380
Current service cost	376 150	368 131	376 150	366 131
Interest Cost	401 580	302 875	401 580	302 875
Benefits Paid	(322 575)	(230 626)	(322 575)	(230 828)
Actuarial losses	350 956	500 295	350 956	500 295
Present value of fund obligation at the end of the year	5 819 691	5 013 580	5 819 691	5 013 580
<u>Less:</u> Transfer of Current Portion - Note 7	(454 112)	(331 131)	(454 112)	(331 131)
<b>Balance 30 June</b>	<b>5 365 579</b>	<b>4 682 449</b>	<b>5 365 579</b>	<b>4 682 449</b>
<b>Sensitivity Analysis on the Unfunded Accrued Liability for both the Economic Entity and Municipality</b>				
Assumption	Change		Liability (Rm)	% change
Central assumptions			5.520	
The effect of movements in the assumptions are as follows:				
General salary inflation	1%		6.312	8%
General salary inflation	-1%		5.362	-8%
Discount Rate	1%		5.365	-8%
Discount Rate	-1%		6.342	9%
Average retirement age	-2 yrs		5.099	-12%
Average retirement age	2 yrs		6.471	11%
Withdrawal rates	-50%		6.678	18%

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**4 EMPLOYEE BENEFITS (CONTINUED)**

The Future-service Cost for the ensuing year is estimated to be R 460 270, whereas the interest cost for the next year is estimated to be R 453 224.

**Sensitivity Analysis on the Future Service Cost and Interest for both the Economic Entity and Municipality**

Assumption	Change	Current-service Cost (Rm)	Interest Cost (Rm)	Total (Rm)	% change
Central Assumption		0 460	0,453	0 914	
The effect of movements in the assumptions are as follows:					
General salary inflation	1%	0.506	0.493	0.999	9%
General salary inflation	-1%	0.420	0.418	0.838	-8%
Discount Rate	1%	0.422	0.498	0.920	-3%
Discount Rate	-1%	0.504	0.434	0.939	3%
Average retirement age	-2 yrs	0.409	0.395	0.804	-12%
Average retirement age	2 yrs	0.509	0.506	1.015	11%
Withdrawal rates	-50%	0.592	0.539	1,131	24%

**5 NON-CURRENT PROVISIONS**

	2015 R	2014 R	2015 R	2014 R
Provision for Rehabilitation of Landfill-sites	58 094 234	21 325 455	58 094 234	21 325 455
<b>Landfill Sites</b>				
Balance 1 July	24 038 676	21 547 795	24 038 676	21 547 795
Increase in Estimate	36 451 218	1 476 364	36 451 218	1 476 364
Unwinding of discounted interest	1 259 231	1 014 517	1 259 231	1 014 517
<b>Total provision 30 June</b>	<b>61 749 125</b>	<b>24 038 676</b>	<b>61 749 125</b>	<b>24 038 676</b>
<b>Less: Transfer of Current Portion to Current Provisions - Note 6</b>	<b>(3 654 891)</b>	<b>(2 713 221)</b>	<b>(3 654 891)</b>	<b>(2 713 221)</b>
<b>Balance 30 June</b>	<b>58 094 234</b>	<b>21 325 455</b>	<b>58 094 234</b>	<b>21 325 455</b>

The significant increase in estimate can mainly be attributed to changes in the rehabilitation requirements affecting different classes of landfill sites. The new requirements are more detailed in specific areas compared to the Minimum Requirements used in previous estimates up to 30 June 2014.

The Economic Entity has an obligation to rehabilitate the following landfill sites at the end of the expected useful life of the asset. Details of the sites are as follows:

Location	Estimated decommission date				
Bredasdorp	2066	25 640 750	10 350 681	25 640 750	10 350 681
Napier	2055	15 809 454	3 029 578	15 809 454	3 029 578
Wsenhuiskrans	2055	3 093 514	2 324 116	3 093 514	2 324 116
Siriusbaai	2055	13 550 516	5 621 080	13 550 516	5 621 080
L'Agulhas	2009 (Over due)	3 654 891	2 713 221	3 654 891	2 713 221
		<b>61 749 125</b>	<b>24 038 676</b>	<b>61 749 125</b>	<b>24 038 676</b>

**6 CONSUMER DEPOSITS**

Electricity	2 390 667	2 304 568	2 390 667	2 304 568
Water	1 454 159	1 336 441	1 454 159	1 336 441
<b>Total Consumer Deposits</b>	<b>3 844 846</b>	<b>3 643 008</b>	<b>3 844 846</b>	<b>3 643 008</b>
Guarantees held in lieu of Electricity and Water Deposits	-	-	-	-

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

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**CURRENT EMPLOYEE BENEFITS**

	ECONOMIC ENTITY		MUNICIPALITY	
	2015 R	2014 R	2015 R	2014 R
Current Portion of Post Retirement Benefits - Note 4	828 744	756 938	828 744	756 938
Current Portion of Long-Service Provisions - Note 4	454 112	331 131	454 112	331 131
Performance Bonuses	547 618	535 746	547 618	535 746
Staff Leave	4 097 335	3 518 532	4 097 335	3 518 532
Bonuses	1 904 720	1 617 775	1 904 720	1 617 775
Pension	-	144 048	-	144 048
Balance Previously reported		187 261		187 261
Correction of error - Refer to note 43 04		(43 212)		(43 212)
<b>Total Current Employee Benefits</b>	<b>7 832 528</b>	<b>6 904 168</b>	<b>7 832 528</b>	<b>6 904 168</b>

The movement in current employee benefits are reconciled as follows:

**Performance Bonuses**

Balance at beginning of year	535 746	583 089	535 746	583 089
Contribution to current portion	555 126	380 261	555 126	380 261
Expenditure incurred	(543 254)	(427 604)	(543 254)	(427 604)
<b>Balance at end of year</b>	<b>547 618</b>	<b>535 746</b>	<b>547 618</b>	<b>535 746</b>

Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.

**Staff Leave**

Balance at beginning of year	3 518 532	3 953 031	3 518 532	3 953 031
Contribution to current portion	923 671	79 052	923 671	79 052
Expenditure incurred	(344 869)	(513 551)	(344 869)	(513 551)
<b>Balance at end of year</b>	<b>4 097 335</b>	<b>3 518 532</b>	<b>4 097 335</b>	<b>3 518 532</b>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

**Bonuses**

Balance at beginning of year	1 617 775	1 441 738	1 617 775	1 441 738
Contribution to current portion	3 289 858	2 757 005	3 289 858	2 757 005
Expenditure incurred	(3 002 913)	(2 580 968)	(3 002 913)	(2 580 968)
<b>Balance at end of year</b>	<b>1 904 720</b>	<b>1 617 775</b>	<b>1 904 720</b>	<b>1 617 775</b>

Bonuses are being paid to all permanent municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle.

**Pension**

Balance at beginning of year	144 048	140 566	144 048	140 566
Contribution to current portion	-	65 590	-	65 590
Expenditure incurred	(144 048)	(82 108)	(144 048)	(82 108)
<b>Balance at end of year</b>	<b>-</b>	<b>144 048</b>	<b>-</b>	<b>144 048</b>

The Economic Entity resolved in line with the bargaining council agreement to provide lump sum pension fund payments to all municipal staff that were not afforded the opportunity (before 1 January 1995) to contribute to a pension fund. The balance also includes a portion where the Economic Entity did not provide for increases in pension fund payments.

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**PROVISIONS**

Current Portion of Rehabilitation of Landfill-sites - Note 5	3 654 891	2 713 221	3 654 891	2 713 221
<b>Total Provisions</b>	<b>3 654 891</b>	<b>2 713 221</b>	<b>3 654 891</b>	<b>2 713 221</b>

9

**PAYABLES FROM EXCHANGE TRANSACTIONS**

Trade Payables	6 593 722	3 682 913	6 593 722	3 682 913
Pre-Paid Electricity	195 216	166 891	195 216	166 891
Debtors with credit balances	1 542 458	887 332	1 542 458	887 332
Sundry Creditors	706 349	601 774	706 349	601 774
Retentions	999 723	1 487 089	999 723	1 487 089
Sundry Deposits	444 891	388 094	444 891	388 094
<b>Total Trade Payables</b>	<b>10 482 360</b>	<b>7 214 093</b>	<b>10 482 360</b>	<b>7 214 093</b>



**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**9 PAYABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)**

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

Sundry deposits include Hall, Builders and Housing Deposits.

**10 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

	ECONOMIC ENTITY		MUNICIPALITY	
	2015 R	2014 R	2015 R	2014 R
Unspent Grants	172 039	5 529 399	172 039	5 529 399
Provincial Government Grants	172 039	5 529 399	172 039	5 529 399
<b>Total Conditional Grants and Receipts</b>	<b>172 039</b>	<b>5 529 399</b>	<b>172 039</b>	<b>5 529 399</b>

See appendix "O" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The Economic Entity complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

**11 UNSPENT PUBLIC CONTRIBUTIONS**

Mayoral Golf Day	46 357	-	46 357	-
<b>Total Unspent Public Contributions</b>	<b>46 357</b>	<b>-</b>	<b>46 357</b>	<b>-</b>
Reconciliation of public contributions				
Contributions received	46 357	1 291 000	46 357	1 291 000
Conditions met - Transferred to revenue	-	(1 291 000)	-	(1 291 000)
<b>Closing balance</b>	<b>46 357</b>	<b>-</b>	<b>46 357</b>	<b>-</b>

The public contribution relates to the Mayoral Charity Golf Day held in Bredasdorp on 8 March 2015. The funds raised at the event will be utilised to support Pre-School education in the municipal area. All funds raised will only be utilised in the 2015/2016 financial year.

**12 TAXES**

VAT Payable	1 531 005	1 387 839	1 531 005	1 387 839
VAT Receivable	(904 734)	(1 498 680)	(904 734)	(1 464 051)
	<b>626 271</b>	<b>(110 841)</b>	<b>626 271</b>	<b>(76 212)</b>
Balance Previously Reported		(76 212)		(76 212)
Change in Accounting Policy - Refer to note 42 03		(34 629)		-
		<b>(110 841)</b>		<b>(76 212)</b>

VAT is payable/receivable on the cash basis.

**CAPE AGULHAS MUNICIPALITY**  
**NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**13 PROPERTY, PLANT AND EQUIPMENT**

**ECONOMIC ENTITY**

**30 JUNE 2015**

**Reconciliation of Carrying Value**

	Opening Balance R	Cost Additions R	Disposals R	Closing Balance R	Opening Balance R	Accumulated Depreciation and Impairment Losses Additions R	Disposals R	Closing Balance R	Carrying Value R
<b>Land and Buildings</b>									
Land	78 817 480	73 818	-	78 891 298	9 285 891	319 489	-	9 605 380	69 285 919
Buildings	55 253 058	-	-	55 253 058	-	-	-	-	55 253 058
	23 564 423	73 818	-	23 638 241	9 285 891	319 489	-	9 605 380	14 032 861
	<b>220 931 856</b>	<b>17 292 520</b>	<b>286 611</b>	<b>237 937 764</b>	<b>41 097 460</b>	<b>5 630 430</b>	<b>93 441</b>	<b>46 834 449</b>	<b>191 103 316</b>
<b>Infrastructure</b>									
Roads and Storm water	72 310 883	12 534 083	229 753	84 615 213	9 582 792	1 742 350	74 391	11 250 811	73 364 403
Electricity Network	48 152 614	2 710 220	48 775	50 814 059	9 552 935	1 350 927	12 113	10 891 750	39 922 309
Sewerage Network	50 985 118	736 754	-	51 722 873	6 331 773	1 575 251	-	7 907 024	43 815 849
Water Network	47 382 561	1 311 462	8 083	48 685 960	14 373 228	1 084 510	6 997	15 450 741	33 235 219
Refuse Removal	2 099 659	-	-	2 099 659	1 256 731	77 392	-	1 334 123	785 536
	<b>14 865 190</b>	<b>2 669 852</b>	<b>-</b>	<b>17 535 041</b>	<b>1 986 112</b>	<b>185 158</b>	<b>-</b>	<b>2 171 270</b>	<b>15 363 772</b>
<b>Community Assets</b>									
Recreation Grounds	1 248 323	-	-	1 248 323	205 299	19 129	-	224 428	1 023 895
Community Halls	8 957 787	5 826	-	8 964 723	184 275	73 448	-	257 723	8 707 000
Libraries	3 412 297	884 888	-	4 297 285	1 373 075	56 188	-	1 431 262	2 888 022
Parks & Gardens	509 667	34 082	-	543 749	111 752	16 785	-	128 537	415 212
Clinics	107 985	-	-	107 985	10 787	980	-	11 767	96 227
Sports facilities	409 905	1 743 856	-	2 153 761	99 941	15 848	-	115 788	2 037 972
Cemeteries	219 207	-	-	219 207	984	780	-	1 764	217 443
	<b>855 717</b>	<b>879 600</b>	<b>548 755</b>	<b>1 096 561</b>	<b>374 825</b>	<b>181 782</b>	<b>466 750</b>	<b>89 837</b>	<b>1 006 724</b>
<b>Lease Assets</b>									
Leased Assets - Office Machines	865 717	879 600	648 755	1 096 561	374 825	181 782	466 750	89 837	1 006 724
	<b>35 297 976</b>	<b>1 569 845</b>	<b>514 042</b>	<b>35 453 779</b>	<b>9 676 969</b>	<b>2 208 511</b>	<b>346 171</b>	<b>11 539 309</b>	<b>24 914 470</b>
<b>Other Assets</b>									
Vehicles	11 545 286	288 965	-	11 834 251	3 611 897	925 734	-	4 637 631	7 296 630
Tools & Equipment	3 807 578	363 944	320 337	3 851 184	1 299 427	302 129	238 210	1 363 346	2 487 838
Furniture	1 819 704	150 223	37 452	1 932 475	357 955	109 920	13 175	454 700	1 477 774
Special Vehicles	3 346 366	-	25 810	3 320 556	728 965	62 839	21 220	770 584	2 550 172
Tables	883 732	20 506	-	904 238	217 824	30 744	-	248 569	655 670
Chairs	584 988	53 557	5 346	633 200	228 054	41 873	3 171	266 757	366 443
Office Equipment	1 882 878	298 711	6 975	2 154 614	676 090	162 998	3 728	835 360	1 319 254
Computer Hardware	3 094 239	493 939	89 722	3 498 456	886 926	328 590	51 870	1 163 647	2 334 809
Civic Land and Buildings	5 146 805	-	-	5 146 805	460 303	92 628	-	552 929	4 593 876
Other	3 195 925	-	18 134	3 177 791	1 209 446	149 209	12 867	1 345 788	1 832 003
	<b>350 778 219</b>	<b>22 585 635</b>	<b>1 449 409</b>	<b>371 914 444</b>	<b>62 421 256</b>	<b>6 725 350</b>	<b>906 362</b>	<b>70 240 244</b>	<b>301 674 200</b>

Furniture and Office Equipment - CAMLEDA

## CAPE AGRI HAS MUNICIPALITY

30 JUNE 2014

### Reconciliation of Carrying Value

Reconciliation of Carrying Value	Opening Balance		Cost		Closing Balance		Accumulated Depreciation and Impairment Losses		Carrying Value		
	R		Additions	Disposals	R		Opening Balance	Additions	Disposals	R	
Land and Buildings	79 030 480		1 000	214 000	78 817 480		8 965 963	342 175	22 248	9 285 891	69 531 590
Land	55 367 058		1 000	115 000	55 253 058		-	-	-	-	55 253 058
Buildings	23 663 423		-	99 000	23 664 423		8 965 963	342 175	22 248	9 285 891	14 278 532
Infrastructure	192 887 330		28 077 686	33 160	220 931 856		36 293 832	4 819 109	15 481	41 097 460	179 834 396
Roads and Storm water	60 388 350		11 922 533	-	72 310 883		8 032 905	1 549 887	-	9 582 792	62 728 091
Electricity Network	43 977 756		4 208 019	33 160	48 152 614		8 281 038	1 287 379	15 481	9 552 936	38 599 679
Sewerage Network	42 380 163		8 605 956	-	50 986 119		5 477 613	854 160	-	6 331 773	44 654 345
Water Network	44 086 946		3 295 635	-	47 382 581		13 320 049	1 053 178	-	14 373 228	33 009 354
Refuse Removal	2 054 116		45 543	-	2 099 659		1 182 226	74 505	-	1 256 731	842 928
Community Assets	10 209 288		4 665 542	9 640	14 865 190		1 858 661	133 782	6 331	1 986 112	12 879 078
Recreation Grounds	1 248 323		-	-	1 248 323		186 170	19 129	-	205 288	1 043 024
Community Halls	4 833 509		4 124 289	-	8 957 797		151 975	32 300	-	184 275	8 773 522
Libraries	2 919 044		493 253	-	3 412 297		1 324 605	48 470	-	1 373 075	2 039 222
Parks & Gardens	509 667		-	-	509 667		94 747	17 005	-	111 752	397 915
Clinics	107 995		-	-	107 995		9 808	980	-	10 787	87 207
Sports facilities	419 545		-	9 640	409 905		90 872	15 400	6 331	98 941	308 964
Cemeteries	171 207		48 000	-	219 207		485	499	-	984	218 223
Lease Assets	1 764 808		187 611	1 068 700	865 717		1 227 909	168 716	1 022 800	374 825	490 892
Leased Assets - Office Machines	1 764 808		187 611	1 066 700	865 717		1 227 909	169 716	1 022 800	374 825	490 892
Other Assets	34 973 576		2 420 825	2 098 225	35 297 976		8 475 182	2 232 821	1 031 033	9 676 969	25 621 007
Vehicles	11 684 860		-	139 564	11 545 296		2 709 842	939 775	37 721	3 611 887	7 933 389
Tools & Equipment	4 047 948		475 798	716 170	3 807 576		1 272 581	314 197	287 351	1 299 427	2 508 150
Furniture	1 584 144		249 712	14 152	1 819 704		279 097	83 853	4 995	1 461 749	1 461 749
Special Vehicles	3 346 368		-	-	3 346 366		666 126	62 839	-	357 955	728 965
Tables	898 595		-	14 863	883 732		191 662	30 938	-	217 824	665 908
Chairs	620 086		74 586	9 684	584 988		184 921	37 473	4 340	228 054	356 934
Office Equipment	1 805 420		184 776	127 318	1 862 878		590 679	153 950	68 539	676 090	1 186 788
Computer Hardware	3 279 989		250 423	436 173	3 094 239		853 188	332 424	298 686	886 926	2 207 313
Civic Land and Buildings	4 039 364		1 107 407	566	5 148 805		386 230	74 102	29	460 303	4 686 502
Other	3 670 107		77 922	552 104	3 195 925		1 330 774	203 268	324 596	1 209 446	1 986 479
Furniture and Office Equipment - CAMLEDA	96 096		-	85 630	10 466		82	-	-	82	10 384
	318 865 480		35 332 464	3 419 725	350 778 219		56 821 546	7 697 604	2 097 893	62 421 256	288 356 963
Balance Previously reported	311 804 789		30 585 147	3 334 095	339 035 852		56 958 698	7 702 364	2 097 893	62 563 168	276 472 683
Correction of error - Refer to note 43.01	6 964 585		4 767 316	-	11 731 901		(137 234)	(4 760)	-	(141 994)	11 873 895
Change in Accounting policy - Refer to note 42.01	96 096		-	85 630	10 466		82	-	-	82	10 384
	318 865 480		35 332 464	3 419 725	350 778 219		56 821 546	7 697 604	2 097 893	62 421 256	288 356 963
The following work in progress balances are included in PPE										2015	2014
										R	R
Roads and Storm water										4 043 199	6 771 025
Electricity Network										987 250	433 248
Sewerage Network										-	1 262 664
Water Network										70 000	1 932 213
										5 080 449	10 399 150

The following work in progress balances are included in PPE

Roads and Storm water  
Electricity Network  
Sewerage Network  
Water Network

**CAPE AGULHAS MUNICIPALITY**  
**NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**MUNICIPALITY**

**30 JUNE 2015**

**Reconciliation of Carrying Value**

	Opening Balance R	Cost Additions R	Disposals R	Closing Balance R	Opening Balance R	Accumulated Depreciation and Impairment Losses Additions R	Disposals R	Closing Balance R	Carrying Value R
<b>Land and Buildings</b>	<b>78 817 480</b>	<b>73 818</b>	<b>-</b>	<b>78 891 298</b>	<b>9 285 891</b>	<b>319 489</b>	<b>-</b>	<b>9 605 380</b>	<b>69 285 919</b>
Land	55 253 058	-	-	55 253 058	-	-	-	-	55 253 058
Buildings	23 564 423	73 818	-	23 638 241	9 285 891	319 489	-	9 605 380	14 032 861
<b>Infrastructure</b>	<b>220 931 856</b>	<b>17 292 520</b>	<b>286 611</b>	<b>237 937 764</b>	<b>41 097 460</b>	<b>5 830 430</b>	<b>93 441</b>	<b>46 834 449</b>	<b>191 103 316</b>
Roads and Storm water	72 310 883	12 534 083	229 753	84 615 213	9 582 792	1 742 350	74 331	11 250 811	73 364 403
Electricity Network	48 152 614	2 710 220	48 775	50 814 059	9 552 936	1 350 927	12 113	10 891 750	39 922 309
Sewerage Network	50 986 119	736 764	-	51 722 873	6 331 773	1 575 251	-	7 907 024	43 815 849
Water Network	47 382 581	1 311 462	8 083	48 685 960	14 373 228	1 084 510	6 997	15 450 741	33 235 219
Refuse Removal	2 099 659	-	-	2 099 659	1 256 731	77 392	-	1 334 123	765 536
<b>Community Assets</b>	<b>14 865 190</b>	<b>2 669 852</b>	<b>-</b>	<b>17 535 041</b>	<b>1 986 112</b>	<b>185 158</b>	<b>-</b>	<b>2 171 270</b>	<b>15 363 772</b>
Recreation Grounds	1 248 323	-	-	1 248 323	205 299	19 129	-	224 428	1 023 895
Community Halls	8 957 797	6 926	-	8 964 723	184 275	73 448	-	257 723	8 707 000
Libraries	3 412 297	884 888	-	4 297 285	1 373 075	58 188	-	1 431 262	2 866 022
Parks & Gardens	509 667	34 082	-	543 749	111 752	16 785	-	128 537	415 212
Clinics	107 995	-	-	107 995	10 787	980	-	11 767	96 227
Sports facilities	409 905	1 743 856	-	2 153 761	99 941	15 848	-	115 788	2 037 972
Cemeteries	219 207	-	-	219 207	984	780	-	1 764	217 443
<b>Lease Assets</b>	<b>865 717</b>	<b>879 800</b>	<b>648 756</b>	<b>1 096 561</b>	<b>374 825</b>	<b>181 762</b>	<b>466 750</b>	<b>99 837</b>	<b>1 006 724</b>
Leased Assets - Office Machines	865 717	879 800	648 756	1 096 561	374 825	181 762	466 750	99 837	1 006 724
<b>Other Assets</b>	<b>35 287 510</b>	<b>1 669 845</b>	<b>503 576</b>	<b>36 453 779</b>	<b>9 676 887</b>	<b>2 206 663</b>	<b>344 241</b>	<b>11 539 309</b>	<b>24 914 470</b>
Vehicles	11 545 298	288 965	-	11 834 261	3 611 897	925 734	-	4 537 631	7 296 630
Tools & Equipment	3 807 576	363 944	320 337	3 851 184	1 299 427	302 129	238 210	1 363 346	2 487 838
Furniture	1 819 704	150 223	37 452	1 932 475	357 955	109 920	13 175	454 700	1 477 774
Special Vehicles	3 346 366	-	25 610	3 320 756	728 965	62 839	21 220	770 584	2 550 172
Tables	883 732	20 506	-	904 238	217 824	30 744	-	248 569	655 670
Chairs	584 988	53 557	5 346	633 200	228 054	41 873	3 171	266 757	366 443
Office Equipment	1 882 878	298 711	6 975	2 154 614	676 090	182 998	3 728	835 360	1 319 254
Computer Hardware	3 094 239	493 839	89 722	3 498 496	886 926	328 590	51 870	1 163 647	2 334 809
Civil Land and Buildings	5 146 805	-	-	5 146 805	460 303	92 626	-	552 929	4 593 876
Other	3 195 925	-	18 134	3 177 791	1 209 446	149 209	12 867	1 345 788	1 832 003
<b>350 767 753</b>	<b>22 585 635</b>	<b>1 438 943</b>	<b>371 914 444</b>	<b>62 421 174</b>	<b>8 723 501</b>	<b>904 431</b>	<b>70 240 244</b>	<b>301 674 200</b>	

**CABE AGUI HAS MUNICIPALITY**

30 JUNE 2014

### Reconciliation of Carrying Value

Reconciliation of Carrying Value

	Opening Balance	Additions	Cost	Disposals	Closing Balance	Opening Balance	Accumulated Depreciation and Impairment Losses	Disposals	Closing Balance	Carrying Value
	R	R	R	R	R	R	R	R	R	R
Land and Buildings	79 030 480	1 000		214 000	78 817 480	8 965 963	342 175	22 248	9 235 891	69 531 590
Land	55 367 058	1 000		115 000	55 253 058					55 253 058
Buildings	23 663 423	-		99 000	23 564 423	8 965 963	342 175	22 248	9 285 891	14 278 532
Infrastructure	192 887 330	28 077 686		33 160	220 931 856	36 293 832	4 819 109	15 481	41 097 460	179 834 396
Roads and Storm water	60 388 350	11 922 533		-	72 310 883	8 032 905	1 549 887	-	9 582 792	62 728 091
Electricity Network	42 977 756	4 208 019		33 160	48 152 614	8 281 038	1 287 379	15 481	9 552 936	38 599 679
Sewerage Network	43 380 163	8 605 956		-	50 986 119	5 477 813	854 160	-	6 331 773	44 654 345
Water Network	44 086 946	3 295 635		-	47 382 581	13 320 049	1 053 178	-	14 373 228	33 009 354
Refuse Removal	2 054 116	45 543		-	2 099 659	1 182 226	74 505	-	1 256 731	842 928
Community Assets	10 209 288	4 665 542		9 640	14 865 190	1 858 661	133 782	6 331	1 986 112	12 879 078
Recreation Grounds	1 248 323	-		-	1 248 323	186 170	19 129	-	205 299	1 043 024
Community Halls	4 833 509	4 124 289		-	8 957 797	151 975	32 300	-	184 275	8 773 522
Libraries	2 819 044	493 253		-	3 412 297	1 324 605	48 470	-	1 373 075	2 039 222
Parks & Gardens	509 667	-		-	509 667	94 747	17 005	-	111 752	397 915
Clinics	107 995	-		-	107 995	9 808	980	-	10 787	97 207
Sports facilities	419 545	-		9 640	409 905	90 872	15 400	6 331	99 941	309 884
Cemeteries	171 207	48 000		-	219 207	485	499	-	984	218 223
Lease Assets	1 764 806	167 611		1 066 700	865 717	1 227 909	169 716	1 022 800	374 825	490 892
Leased Assets - Office Machines	1 764 806	167 611		1 066 700	865 717	1 227 909	169 716	1 022 800	374 825	490 892
Other Assets	34 877 480	2 420 625		2 010 594	35 287 510	8 475 100	2 232 821	1 031 033	9 676 887	25 610 623
Vehicles	11 684 860	-		139 564	11 545 296	2 709 842	939 776	37 721	3 611 897	7 933 399
Tools & Equipment	4 047 948	473 798		716 170	3 807 576	1 272 581	314 197	287 351	1 299 427	2 508 150
Furniture	1 584 144	249 712		14 152	1 819 704	279 087	83 853	4 995	357 955	1 461 749
Special Vehicles	3 348 366	-		-	3 346 366	666 126	62 839	-	728 985	2 617 401
Tables	898 595	-		14 863	883 732	191 662	30 938	4 775	217 824	665 908
Chairs	520 088	74 586		9 684	594 988	194 921	37 473	4 340	228 054	356 934
Office Equipment	1 805 420	184 776		127 318	1 862 878	590 679	153 950	68 539	676 080	1 186 788
Computer Hardware	3 279 989	250 423		436 173	3 094 239	853 188	332 424	298 686	886 926	2 207 313
Civic Land and Buildings	4 039 964	1 107 407		566	5 146 805	386 230	74 102	29	460 303	4 686 502
Other	3 670 107	77 922		552 104	3 195 925	1 330 774	203 268	324 596	1 209 446	1 986 479
	318 769 394	35 332 464		3 334 095	350 767 753	56 821 464	7 697 604	2 097 893	62 421 174	288 346 579
Balance Previously reported	311 804 799	30 565 147		3 334 095	339 035 852	56 958 698	7 702 364	2 097 893	62 563 168	276 472 683
Correction of error - Refer to note 43.01	6 964 595	4 767 316		-	11 731 901	(137 234)	(4 760)	-	(141 994)	11 873 895
	318 769 394	35 332 464		3 334 095	350 767 753	56 821 464	7 697 604	2 097 893	62 421 174	288 346 579
The following work in progress balances are included in PPE										
								2015	2014	
								R	R	R
Roads and Storm water								4 043 199	6 771 025	
Electricity Network								967 250	433 248	
Sewerage Network								-	1 262 684	
Water Network								70 000	1 932 213	
								5 080 449	10 399 150	

The following work in progress balances are included in PPE

Roads and Storm water  
Electricity Network  
Sewerage Network  
Water Network

**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**14 INVESTMENT PROPERTY**

	<b>ECONOMIC ENTITY</b>		<b>MUNICIPALITY</b>	
	<b>2015 R</b>	<b>2014 R</b>	<b>2015 R</b>	<b>2014 R</b>
<b>Net Carrying amount at 1 July</b>	<b>40 714 286</b>	<b>40 752 816</b>	<b>40 714 286</b>	<b>40 752 816</b>
Balance previously reported		40 732 816		40 732 816
Correction of error - Refer to note 43.02		20 000		20 000
<b>Depreciation for the year</b>	<b>(8 530)</b>	<b>(8 530)</b>	<b>(8 530)</b>	<b>(8 530)</b>
<b>Disposals</b>	<b>-</b>	<b>(30 000)</b>	<b>-</b>	<b>(30 000)</b>
<b>Net Carrying amount at 30 June</b>	<b>40 705 756</b>	<b>40 714 286</b>	<b>40 705 756</b>	<b>40 714 286</b>
<b>Cost</b>	<b>40 816 800</b>	<b>40 816 800</b>	<b>40 816 800</b>	<b>40 816 800</b>
<b>Accumulated Depreciation</b>	<b>(111 044)</b>	<b>(102 514)</b>	<b>(111 044)</b>	<b>(102 514)</b>

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

**15 INTANGIBLE ASSETS**

**Computer Software**

	<b>564 809</b>	<b>524 989</b>	<b>564 809</b>	<b>520 431</b>
<b>Net Carrying amount at 1 July</b>				
Balance Previously Reported		520 431		520 431
Change In Accounting Policy - Refer to note 42.02		4 559		-
<b>Acquisitions</b>	<b>718 627</b>	<b>166 290</b>	<b>718 627</b>	<b>166 290</b>
<b>Amortisation</b>	<b>(158 088)</b>	<b>(121 912)</b>	<b>(158 088)</b>	<b>(121 912)</b>
<b>Disposals</b>	<b>-</b>	<b>(4 559)</b>	<b>-</b>	<b>-</b>
<b>Balance Previously Reported</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change In Accounting Policy - Refer to note 42.02</b>	<b>-</b>	<b>(4 559)</b>	<b>-</b>	<b>-</b>
<b>Net Carrying amount at 30 June</b>	<b>1 125 338</b>	<b>564 809</b>	<b>1 125 338</b>	<b>564 809</b>
<b>Cost</b>	<b>1 492 652</b>	<b>774 025</b>	<b>1 492 652</b>	<b>774 025</b>
<b>Accumulated Amortisation</b>	<b>(367 314)</b>	<b>(209 216)</b>	<b>(367 314)</b>	<b>(209 216)</b>

No Intangible asset were assessed having an indefinite useful life

There are no internally generated intangible assets at reporting date

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

**18 CAPITALISED RESTORATION COST**

	<b>17 756 682</b>	<b>19 065 201</b>	<b>17 756 682</b>	<b>19 065 201</b>
<b>Net Carrying amount at 1 July</b>	<b>17 756 682</b>	<b>19 065 201</b>	<b>17 756 682</b>	<b>19 065 201</b>
<b>Additions</b>	<b>36 451 218</b>	<b>2 423 048</b>	<b>36 451 218</b>	<b>2 423 048</b>
<b>Disposals</b>	<b>-</b>	<b>(948 684)</b>	<b>-</b>	<b>(948 684)</b>
<b>Depreciation</b>	<b>(389 761)</b>	<b>(411 843)</b>	<b>(389 761)</b>	<b>(411 843)</b>
<b>Impairments</b>	<b>(762 523)</b>	<b>(2 373 040)</b>	<b>(762 523)</b>	<b>(2 373 040)</b>
<b>Net Carrying amount at 30 June</b>	<b>53 055 616</b>	<b>17 756 682</b>	<b>53 055 616</b>	<b>17 756 682</b>
<b>Cost</b>	<b>57 461 353</b>	<b>21 010 138</b>	<b>57 461 353</b>	<b>21 010 138</b>
<b>Accumulated Depreciation</b>	<b>(1 214 570)</b>	<b>(824 810)</b>	<b>(1 214 570)</b>	<b>(824 810)</b>
<b>Accumulated Impairments</b>	<b>(3 191 167)</b>	<b>(2 428 644)</b>	<b>(3 191 167)</b>	<b>(2 428 644)</b>

The Economic Entity is required by relevant Environmental Legislation to rehabilitate landfill sites at the closure date of each respective site. The "Capitalised Restoration Cost" asset, which is capitalised in line with the requirements of GRAP 17 and IGRAP 2, relates to the initial estimate of costs involved to restore landfill sites under control of the Cape Agulhas Economic Entity.

Refer to note 5 for further detail regarding provision related to this asset.

**17 NON-CURRENT INVESTMENTS**

**Unlisted**

Municipal Entity - Southernmost Development Agency (Soc) Ltd

	<b>-</b>	<b>-</b>	<b>-</b>	<b>45 113</b>
<b>Cost</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>398 298</b>
<b>Provision for Impairment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(353 186)</b>

**Reconciliation of the provision for Impairment**

	<b>-</b>	<b>-</b>	<b>353 186</b>	<b>242 037</b>
<b>Balance at beginning of the year</b>	<b>-</b>	<b>-</b>	<b>45 113</b>	<b>111 148</b>
<b>Contributions to provision</b>	<b>-</b>	<b>-</b>	<b>(398 298)</b>	<b>-</b>
<b>Investments written off against provision</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at end of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>353 186</b>

**CAPE AGULHAS LOCAL MUNICIPALITY**  
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**17 NON-CURRENT INVESTMENTS (CONTINUED)**

The Municipality acquired a 100% shareholding in Southernmost Development Agency (Soc) Ltd on 23 October 2012. The initial purpose of the entity was to promote economic development in the municipal area. However, the Municipality resolved on 28 May 2013 not to further its objective of economic development through this Municipal Entity.

During the current year, all the remaining assets of the entity were transferred to the development agency established by the Kennelend Municipality. The decision was subsequently taken to write off the entire investment made in the entity to ensure that the administrative procedures to deregister the legal structure can be finalised. This administrative process was not yet completed on 30 June 2015.

**18 LONG-TERM RECEIVABLES**

Loans to organisations - at amortised cost  
 Individual housing loans

Less: Current portion transferred to current receivables

Loans to organisations - at amortised cost

**Total Long Term Receivables**

**ECONOMIC ENTITY**

**MUNICIPALITY**

2015 R	2014 R	2015 R	2014 R
4 439	10 994	4 439	10 994
278 561	313 463	278 561	313 463
283 000	324 457	283 000	324 457
(4 439)	(6 554)	(4 439)	(6 554)
(4 439)	(6 554)	(4 439)	(6 554)
278 561	317 903	278 561	317 903

**19 INVENTORY**

Consumable Stores - Stationery and materials - At cost  
 Water - At cost

**Total Inventory**

No Inventory assets were pledged as security for liabilities.

Consumable stores materials written down due to losses as identified during the annual stores counts.

Consumable stores materials surpluses identified during the annual stores counts.

Inventory recognised as an expense during the year

1 454 824	687 532	1 454 824	687 532
30 265	24 635	30 265	24 635
1 485 089	692 167	1 485 089	692 167
-	5 291	-	5 291
-	-	-	-
1 802 681	1 493 428	1 802 681	1 493 428

**20 RECEIVABLES FROM EXCHANGE TRANSACTIONS**

**Service Receivables**

Electricity  
 Water  
 Refuse  
 Sewerage  
 Other Services

**Other Receivables**

Asset Sales  
 Payments in Advance  
 Other Arrears

Balance previously reported  
 Correction of error - Refer to note 43.03

**Total Service Receivables**

**Less: Allowance for Doubtful Debts**

**Net Service Receivables**

22 119 944	21 393 541	22 119 944	21 393 541
10 399 544	9 712 443	10 399 544	9 712 443
4 407 114	4 080 236	4 407 114	4 080 236
1 885 773	1 865 317	1 885 773	1 865 317
1 293 580	1 189 953	1 293 580	1 189 953
4 332 933	4 745 592	4 332 933	4 745 592
2 289 337	1 466 614	2 289 337	1 466 614
-	484 853	-	484 853
847 413	783 383	847 413	783 383
1 441 923	218 398	1 441 923	218 398
-	192 789	-	192 789
-	25 609	-	25 609
24 409 281	22 860 155	24 409 281	22 860 155
(6 228 450)	(7 791 716)	(6 228 450)	(7 791 716)
18 180 830	15 068 439	18 180 830	15 068 439

Included in the outstanding balances are consumer debtors to the value of R 746 778 (2014 - R 658 342), who have made arrangements to repay their outstanding debt over a re-negotiated period.

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary.

**Ageing of Receivables from Exchange Transactions**

**(Electricity): Ageing**

Current (0 - 30 days)  
 31 - 60 Days  
 61 - 90 Days  
 + 90 Days

**Total**

8 263 630	7 709 121	8 263 630	7 709 121
1 137 654	686 046	1 137 654	686 046
131 842	98 144	131 842	98 144
866 408	1 219 131	866 408	1 219 131
10 399 544	9 712 443	10 399 544	9 712 443

**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

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**RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)**

	ECONOMIC ENTITY		MUNICIPALITY	
	2015 R	2014 R	2015 R	2014 R
<b><u>(Water): Ageing</u></b>				
Current (0 - 30 days)	1 870 921	1 589 889	1 870 921	1 589 889
31 - 60 Days	481 191	359 459	481 191	359 459
61 - 90 Days	218 565	143 841	218 565	143 841
+ 90 Days	1 836 438	1 987 048	1 836 438	1 987 048
<b>Total</b>	<b>4 407 114</b>	<b>4 080 236</b>	<b>4 407 114</b>	<b>4 080 236</b>
<b><u>(Refuse): Ageing</u></b>				
Current (0 - 30 days)	728 222	837 633	728 222	837 633
31 - 60 Days	165 988	141 392	165 988	141 392
61 - 90 Days	73 002	53 712	73 002	53 712
+ 90 Days	719 581	832 579	719 581	832 579
<b>Total</b>	<b>1 686 773</b>	<b>1 665 317</b>	<b>1 686 773</b>	<b>1 665 317</b>
<b><u>(Sewerage): Ageing</u></b>				
Current (0 - 30 days)	462 394	393 948	462 394	393 948
31 - 60 Days	131 634	107 169	131 634	107 169
61 - 90 Days	62 922	48 030	62 922	48 030
+ 90 Days	636 630	642 805	636 630	642 805
<b>Total</b>	<b>1 293 580</b>	<b>1 189 953</b>	<b>1 293 580</b>	<b>1 189 953</b>
<b><u>(Other): Ageing</u></b>				
Current (0 - 30 days)	1 692 775	1 566 704	1 692 775	1 566 704
31 - 60 Days	463 565	403 392	463 565	403 392
61 - 90 Days	394 541	215 839	394 541	215 839
+ 90 Days	1 782 053	2 559 858	1 782 053	2 559 858
<b>Total</b>	<b>4 332 933</b>	<b>4 745 592</b>	<b>4 332 933</b>	<b>4 745 592</b>
<b><u>(Total): Ageing</u></b>				
Current (0 - 30 days)	13 017 941	11 897 295	13 017 941	11 887 286
31 - 60 Days	2 380 022	1 897 459	2 380 022	1 887 459
61 - 90 Days	880 871	557 388	880 871	557 368
+ 90 Days	5 841 109	7 241 422	5 841 108	7 241 422
<b>Total</b>	<b>22 118 844</b>	<b>21 393 541</b>	<b>22 118 844</b>	<b>21 393 541</b>
<b><u>Reconciliation of the doubtful debt provision</u></b>				
Balance at beginning of the year	7 791 716	8 381 371	7 781 718	8 381 371
Contributions to provision	2 620 028	2 028 439	2 620 028	2 028 438
Doubtful debts written off against provision	(4 183 294)	(628 095)	(4 183 284)	(628 095)
<b>Balance at end of year</b>	<b>6 228 450</b>	<b>7 791 716</b>	<b>6 228 450</b>	<b>7 791 716</b>
The Provision for Impairment could be allocated between the different classes of receivables as follows:				
Electricity	1 393 688	1 424 833	1 393 686	1 424 833
Water	1 763 873	1 734 655	1 763 873	1 734 655
Refuse	728 687	796 624	728 687	786 624
Sewerage	618 291	593 694	618 281	593 694
Other Services	1 723 935	2 757 058	1 723 935	2 757 058
Other Receivables	-	484 853	-	484 863
	<b>6 228 450</b>	<b>7 791 716</b>	<b>6 228 450</b>	<b>7 791 716</b>

In determining the recoverability of a receivable, the Economic Entity considers any change in the credit quality of the trade receivable from the date the credit was initially granted, up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.

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**RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

<b>Service Receivables</b>	<b>4 969 617</b>	<b>5 019 758</b>	<b>4 969 617</b>	<b>5 019 758</b>
Rates	4 969 617	5 019 758	4 969 617	5 019 758
<b>Other Receivables</b>	<b>3 045 081</b>	<b>846 816</b>	<b>3 045 081</b>	<b>846 816</b>
Unpaid Fines	3 045 081	841 780	3 045 081	841 780
Staff	-	5 036	-	5 036
	<b>8 014 698</b>	<b>5 866 575</b>	<b>8 014 698</b>	<b>5 866 575</b>
Less: Allowance for Doubtful Debts	(5 127 012)	(2 908 273)	(5 127 012)	(2 908 273)
	<b>2 887 686</b>	<b>2 958 302</b>	<b>2 887 686</b>	<b>2 958 302</b>



**CAPE AGULHAS LOCAL MUNICIPALITY**  
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**21 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)**

	ECONOMIC ENTITY		MUNICIPALITY	
	2015 R	2014 R	2015 R	2014 R
<b>Ageing of Receivables from Non-Exchange Transactions</b>				
<u>(Rates): Ageing</u>				
Current (0 - 30 days)	1 751 188	1 781 423	1 751 188	1 781 423
31 - 60 Days	388 528	456 886	388 528	456 886
61 - 90 Days	122 776	108 126	122 776	108 126
+ 90 Days	2 707 125	2 673 323	2 707 125	2 673 323
<b>Total</b>	<b>4 969 617</b>	<b>5 019 758</b>	<b>4 969 617</b>	<b>5 019 758</b>

Debtors are required to be settled after 30 days, interest is charged after this date at prime +1%.

The fair value of receivables approximates their carrying amounts.

The increase in unpaid fines can mainly be attributed to an increase in fines issued during the current year. A new service provider was appointed in the current year.

Reconciliation of the doubtful debt provision

Balance at beginning of the year	2 908 273	1 838 674	2 908 273	1 838 674
Contributions to provision	2 678 722	1 090 188	2 678 722	1 090 188
Doubtful debts written off against provision	(459 982)	(20 588)	(459 982)	(20 588)
<b>Balance at end of year</b>	<b>5 127 012</b>	<b>2 908 273</b>	<b>5 127 012</b>	<b>2 908 273</b>

The Provision for Impairment could be allocated between the different classes of receivables as follows:

Rates	2 907 967	2 419 775	2 907 967	2 419 775
Fines	2 219 046	488 498	2 219 046	488 498
	<b>5 127 012</b>	<b>2 908 273</b>	<b>5 127 012</b>	<b>2 908 273</b>

In determining the recoverability of a receivable, the Municipality considers any change in the credit quality of the trade receivable from the date the credit was initially granted, up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.

The outstanding fines receivable balance at year end is reduced to its recoverable amount by recognising a provision for impairment against the receivable raised. This is considered to be a subsequent event. The provision for impairment is based on current and past collection rates applicable to fines.

**22 OPERATING LEASE ARRANGEMENTS**

**22.1 The Economic Entity as Lessee**

Balance on 1 July	-	-	-	-
Movement during the year	11 531	-	11 531	-
<b>Balance on 30 June</b>	<b>11 531</b>	<b>-</b>	<b>11 531</b>	<b>-</b>

The Economic Entity entered into a lease agreement to obtain additional office space. The lease agreement commenced on 18 January 2015 and will run up to 31 December 2017. The initial monthly rental is R 28 500 (VAT inclusive) and the lease is subject to an annual increase of 7.5%. The Economic Entity has the option to renew the lease after 31 December 2017.

At the Statement of Financial Position date, where the Economic Entity acts as a lessee under operating leases, it will pay operating lease expenditure as follows:

Up to 1 Year	311 250	-	311 250	-
1 to 5 Years	507 938	-	507 938	-
<b>Total Operating Lease Arrangements</b>	<b>819 188</b>	<b>-</b>	<b>819 188</b>	<b>-</b>

**22.2 The Economic Entity as Lessor**

Balance on 1 July	69 452	64 545	69 452	64 545
Movement in lease asset for the year	(2 581)	4 907	(2 581)	4 907
<b>Balance on 30 June</b>	<b>66 872</b>	<b>69 452</b>	<b>66 872</b>	<b>69 452</b>

At the Statement of Financial Position date, where the Economic Entity acts as a lessor under operating leases, it will receive operating lease income as follows:

Up to 1 Year	377 134	460 777	377 134	460 777
1 to 5 Years	451 178	581 691	451 178	581 691
More than 5 Years	144 859	69 565	144 859	69 565
<b>Total Operating Lease Arrangements</b>	<b>973 171</b>	<b>1 112 034</b>	<b>973 171</b>	<b>1 112 034</b>

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

The leases are in respect of land and buildings being leased out for periods ranging until 2025.

**CAPE AGULHAS LOCAL MUNICIPALITY**  
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**CASH AND CASH EQUIVALENTS**

	ECONOMIC ENTITY		MUNICIPALITY	
	2015 R	2014 R	2015 R	2014 R
<b>Assets</b>				
Primary Bank Account	2 819 992	11 393 101	2 819 992	11 393 101
Call and Notice Deposits	16 000 000	10 000 000	16 000 000	10 000 000
Cash Floats	14 100	14 100	14 100	14 100
<b>Total Cash and Cash Equivalents - Assets</b>	<b>18 834 092</b>	<b>21 407 201</b>	<b>18 834 092</b>	<b>21 407 201</b>

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value

Cash and cash equivalents are held to fund the following commitments:

Unspent Conditional Grants	172 039	5 529 399	172 039	5 529 399
Capital Replacement Reserve	17 750 000	15 750 000	17 750 000	15 750 000
	<b>17 922 039</b>	<b>21 279 399</b>	<b>17 922 039</b>	<b>21 279 399</b>

A bank overdraft facility of R2 000 000 exists at ABSA.

Guarantees are held at ABSA and Nedbank in the name of the following entities:

The Post Office	50 000	50 000	50 000	50 000
	<b>50 000</b>	<b>50 000</b>	<b>50 000</b>	<b>50 000</b>

The municipality has the following bank accounts:

**Current Accounts**

Bredasdorp ABSA - Account number 40 5883 2586 (Primary Bank Account)	2 819 992	11 393 101	2 819 992	11 393 101
	<b>2 819 992</b>	<b>11 393 101</b>	<b>2 819 992</b>	<b>11 393 101</b>

**Bredasdorp ABSA - Account number 40 5883 2586 (Primary Bank Account)**

Cash book balance at beginning of year	11 393 101	24 549 700	11 393 101	24 549 700
Cash book balance at end of year	2 819 992	11 393 101	2 819 992	11 393 101
Bank statement balance at beginning of year	11 158 873	21 931 361	11 158 873	21 931 361
Bank statement balance at end of year	2 627 367	11 158 873	2 627 367	11 158 873

**Call and Notice Deposits**

Call and Notice deposits consist out of the following accounts:

Standard Bank - Acc.no 478526628002	10 000 000	-	10 000 000	-
Nedbank - Acc 7881714298	6 000 000	-	8 000 000	-
Investec - Acc.no.1100 458527 451 (32 Day Notice)	-	10 000 000	-	10 000 000
	<b>16 000 000</b>	<b>10 000 000</b>	<b>18 000 000</b>	<b>10 000 000</b>

24

**PROPERTY RATES**

**Actual**

Rateable Land and Buildings	43 056 253	39 475 102	43 056 253	39 475 102
Residential, Commercial Property, State	43 056 253	39 475 102	43 056 253	39 475 102

**Less: Rebates**

	(161 048)	(149 989)	(161 048)	(149 989)
<b>Total Assessment Rates</b>	<b>42 895 205</b>	<b>39 325 113</b>	<b>42 895 205</b>	<b>39 325 113</b>

**Valuations**

Rateable Land and Buildings				
Residential	6 759 136 700	6 685 236 700	6 759 136 700	6 685 236 700
Business & Commercial	567 745 000	553 822 000	567 745 000	553 822 000
Public benefit Organizations	92 590 000	88 341 000	92 590 000	88 341 000
State-owned	273 816 000	267 886 000	273 816 000	267 886 000
Agricultural	2 428 042 000	2 430 074 000	2 428 042 000	2 430 074 000
Other	493 950 200	492 906 200	493 950 200	492 906 200
<b>Total Assessment Rates</b>	<b>10 615 269 900</b>	<b>10 518 265 900</b>	<b>10 615 269 900</b>	<b>10 518 265 900</b>

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2013. Rebates were granted on land with buildings used solely for dwellings purposes as follows: Residential - The first R15 000 on the valuation is exempted.

**Rebates on Income - Basic Rate:**

Single Tariff (Excluding Agricultural)	0.005218 c/ R	0.004909 c/ R	0.005218 c/ R	0.004909 c/ R
Agricultural Land	0.001305 c/ R	0.001202 c/ R	0.001305 c/ R	0.001202 c/ R

Rates are levied annually and monthly. Monthly rates are payable by the 25th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

**CAPE AGULHAS LOCAL MUNICIPALITY**  
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**24 PROPERTY RATES (CONTINUED)**

Rebates can be defined as any income that the Economic Entity is entitled by law to levy, but which has

**25 GOVERNMENT GRANTS AND SUBSIDIES**

	ECONOMIC ENTITY		MUNICIPALITY	
	2015 R	2014 R	2015 R	2014 R
<b>Unconditional Grants</b>	<b>19 386 000</b>	<b>18 057 000</b>	<b>19 386 000</b>	<b>18 057 000</b>
Equitable Share	19 386 000	18 057 000	19 386 000	18 057 000
<b>Conditional Grants</b>	<b>48 704 292</b>	<b>48 828 273</b>	<b>48 704 292</b>	<b>48 929 273</b>
Grants and donations	48 647 423	48 770 273	48 647 423	48 770 273
Subsidies	56 869	159 000	56 869	159 000
<b>Total Government Grants and Subsidies</b>	<b>68 090 292</b>	<b>66 886 273</b>	<b>68 090 292</b>	<b>66 886 273</b>
 Government Grants and Subsidies - Capital	 17 856 030	 20 203 692	 17 856 030	 20 203 692
Government Grants and Subsidies - Operating	50 234 262	46 782 580	50 234 262	46 782 580
	<b>68 090 292</b>	<b>66 886 273</b>	<b>68 090 292</b>	<b>66 886 273</b>

Revenue recognised per vote as required by Section 123 (c) of the MFMA

Equitable share	19 386 000	18 057 000	19 386 000	18 057 000
Executive and Council	915 263	43 597 985	915 263	43 597 985
Budget and Treasury Office	1 450 000	-	1 450 000	-
Corporate Services	1 970 145	538 899	1 970 145	538 899
Community and Social Services	29 999 164	4 633 388	29 999 164	4 633 389
Sport and Recreation	383 658	-	383 658	-
Road Transport	58 869	159 000	58 869	159 000
Electricity	2 067 756	-	2 067 756	-
Water	7 943	-	7 943	-
Waste Water Management	708 900	-	708 900	-
Waste Management	122 370	-	122 370	-
Other	11 022 224	-	11 022 224	-
	<b>68 090 292</b>	<b>66 886 273</b>	<b>68 090 292</b>	<b>66 886 273</b>

The Economic Entity does not expect any significant changes to the level of grants

**25.01 Equitable share**

Grants received	19 386 000	18 057 000	19 386 000	18 057 000
Conditions met - Operating	(19 386 000)	(18 057 000)	(19 386 000)	(18 057 000)
Conditions still to be met	-	-	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the Economic Entity by the National Treasury.

**25.02 Local Government Financial Management Grant (FMG)**

Grants received	1 450 000	1 300 000	1 450 000	1 300 000
Conditions met - Operating	(1 110 742)	(1 300 000)	(1 110 742)	(1 300 000)
Conditions met - Capital	(339 258)	-	(339 258)	-
Conditions still to be met	-	-	-	-

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

**25.03 Municipal Systems Improvement Grant (MSIG)**

Grants received	934 000	890 000	934 000	890 000
Conditions met - Operating	(679 805)	(317 974)	(679 805)	(317 974)
Conditions met - Capital	(254 195)	(572 026)	(254 195)	(572 026)
Conditions still to be met	-	-	-	-

The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

**25.04 Municipal Infrastructure Grant (MIG)**

Grants received	10 532 000	10 209 000	10 532 000	10 209 000
Conditions met - Operating	(510 550)	(1 448 041)	(510 550)	(1 449 041)
Conditions met - Capital	(10 021 450)	(8 759 959)	(10 021 450)	(8 759 959)
Conditions still to be met	-	-	-	-

The grant was used to upgrade infrastructure in previously disadvantaged areas.

**CAPE AGULHAS LOCAL MUNICIPALITY**  
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**25 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)**

	ECONOMIC ENTITY		MUNICIPALITY	
	2015 R	2014 R	2015 R	2014 R
<b>25.05 Regional Bulk Infrastructure Grant (RBIG)</b>				
Opening balance	-	(3 362 502)	-	(3 362 502)
Grants received	-	5 558 000	-	5 558 000
Conditions met - Operating	-	(269 623)	-	(269 623)
Conditions met - Capital	-	(1 925 875)	-	(1 925 875)
Conditions still to be met	-	-	-	-
The grant was used to upgrade infrastructure in the municipal area.				
<b>25.06 Skills Development Fund</b>				
Grants received	621 343	774 005	621 343	774 005
Conditions met - Operating	(621 343)	(774 005)	(621 343)	(774 005)
Conditions still to be met	-	-	-	-
The Skills Development fund is utilised to provide training				
<b>25.07 National Electrification Programme (INEP)</b>				
Opening balance	-	(240 866)	-	(240 866)
Grants received	2 000 000	3 200 000	2 000 000	3 200 000
Conditions met - Operating	(34)	(2 909 732)	(34)	(2 909 732)
Conditions met - Capital	(1 999 966)	(49 403)	(1 999 966)	(49 403)
Conditions still to be met	-	-	-	-
The National Electrification Grant was used to upgrade the electrification network.				
<b>25.08 Expanded Public Works Program (EPWP)</b>				
Grants received	1 120 000	1 000 000	1 120 000	1 000 000
Conditions met - Operating	(1 120 000)	(1 000 000)	(1 120 000)	(1 000 000)
Conditions still to be met	-	-	-	-
This program is aimed at providing poverty en income relief through the creation of temporary work opportunities.				
<b>25.09 Library Grant</b>				
Opening balance	721 466	821 359	721 466	821 359
Grants received	4 373 000	4 511 330	4 373 000	4 511 330
Conditions met - Operating	(4 027 579)	(3 696 214)	(4 027 579)	(3 696 214)
Conditions met - Capital	(1 085 887)	(915 008)	(1 085 887)	(915 008)
Conditions still to be met	-	721 466	-	721 466
The library grants is utilised to fund the cost of providing library services within the municipal area.				
<b>25.10 Proclaimed road subsidy</b>				
Grants received	56 869	159 000	56 869	159 000
Conditions met - Operating	(56 869)	(159 000)	(56 869)	(159 000)
Conditions still to be met	-	-	-	-
The subsidy is utilised to upgrade the provincial road network in the municipal area.				
<b>25.11 Housing Grants</b>				
Opening balance	4 660 176	3 712 523	4 660 176	3 712 523
Grants received	20 575 256	21 442 514	20 575 256	21 442 514
Conditions met - Operating	(21 124 845)	(13 285 251)	(21 124 845)	(13 285 251)
Conditions met - Capital	(4 110 588)	(7 209 710)	(4 110 588)	(7 209 710)
Conditions still to be met	-	4 660 176	-	4 660 176
Housing grants was utilised for the development of erven, the erection of top structures and development of infrastructure				

**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**25 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)**

	ECONOMIC ENTITY		MUNICIPALITY	
	2015 R	2014 R	2015 R	2014 R
<b>25.12 Department of Agriculture, Forestry and Fisheries</b>				
Opening balance	72 039	-	72 039	-
Grants received	-	3 000 000	-	3 000 000
Conditions met - Operating	-	(2 927 961)	-	(2 927 961)
Conditions still to be met	<u>72 039</u>	<u>72 039</u>	<u>72 039</u>	<u>72 039</u>
The Economic Entity received funds from the Department of Agriculture, Forestry and Fisheries to perform initial investigations into the establishment of an Abalone farm in the municipal area.				
<b>25.13 IDC - Pre Establishment Grant</b>				
Opening balance	-	418 786	-	418 786
Interest Received	-	11 353	-	11 353
Conditions met - Operating	-	(1 165)	-	(1 165)
Conditions met - Capital	-	(21 001)	-	(21 001)
Funds returned to grant provider	-	(407 973)	-	(407 973)
Conditions still to be met	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
This grant is utilised to fund the pre-establishment and start-up phase of the municipal development agency, Southernmost Development Agency (Soc) Ltd. The municipality resolved on 28 May 2013 to not further economic development through the agency. Subsequently, the remainder of the funds received from the IDC were paid back on 28 February 2014.				
<b>25.14 Other Grants</b>				
Opening balance	75 717	1 001 477	75 717	1 001 477
Grants received	1 684 464	460 564	1 684 464	460 564
Conditions met - Operating	(1 586 495)	(635 616)	(1 586 495)	(635 616)
Conditions met - Capital	(63 688)	(750 709)	(63 688)	(750 709)
Conditions still to be met	<u>100 000</u>	<u>75 717</u>	<u>100 000</u>	<u>75 717</u>
Various grants were received from other spheres of government (e.g. Library fund and Skills Development)				
<b>25.15 Total Grants</b>				
Opening balance	5 529 399	2 350 779	5 529 399	2 350 779
Grants received	62 732 933	70 561 513	62 732 933	70 561 513
Interest Received	-	11 353	-	11 353
Conditions met - Operating	(50 234 262)	(46 782 580)	(50 234 262)	(46 782 580)
Conditions met - Capital	(17 856 030)	(20 203 692)	(17 856 030)	(20 203 692)
Funds returned to grant provider	-	(407 973)	-	(407 973)
Conditions still to be met	<u>172 039</u>	<u>5 529 399</u>	<u>172 039</u>	<u>5 529 399</u>
<u>Disclosed as follows:</u>				
Unspent Conditional Government Grants and Receipts	<u>172 039</u>	<u>5 529 399</u>	<u>172 039</u>	<u>5 529 399</u>
	<u>172 039</u>	<u>5 529 399</u>	<u>172 039</u>	<u>5 529 399</u>
<b>26 PUBLIC CONTRIBUTIONS AND DONATIONS</b>				
Department of Cultural Affairs and Sport	-	1 270 000	-	1 270 000
Mubeko Africa CC	-	20 000	-	20 000
Other	-	1 000	-	1 000
<b>Total Public Contributions and Donations</b>	<u>-</u>	<u>1 291 000</u>	<u>-</u>	<u>1 291 000</u>
Refer to note 10 for further details regarding public contributions.				
<b>27 FINES</b>				
Traffic Fines	3 018 400	1 366 493	3 018 400	1 366 493
Library Fines	30 145	33 209	30 145	33 209
<b>Total Fines</b>	<u>3 048 545</u>	<u>1 399 702</u>	<u>3 048 545</u>	<u>1 399 702</u>
In terms of the requirements of GRAP 23 and IGRAP1, all fines issued during the year less any cancellations or reductions identified are recognised as revenue				
<b>28 SERVICE CHARGES</b>				
Electricity	75 493 708	89 613 564	75 493 708	89 613 564
Water	20 379 659	16 950 471	20 379 659	16 950 471
Refuse removal	12 915 358	10 495 455	12 915 358	10 495 455
Sewerage and Sanitation Charges	8 935 105	7 534 105	8 935 105	7 534 105
	<u>117 723 831</u>	<u>104 593 595</u>	<u>117 723 831</u>	<u>104 593 595</u>
Less: Rebates	(7 475 449)	(5 767 343)	(7 475 449)	(5 767 343)
<b>Total Service Charges</b>	<u>110 248 382</u>	<u>98 826 253</u>	<u>110 248 382</u>	<u>98 826 253</u>
<b>29 INTEREST EARNED - OUTSTANDING DEBTORS</b>				
Interest earned on service accounts	629 313	511 818	629 313	511 818
Penalty interest imposed on Property Rates	366 596	247 947	366 596	247 947
<b>Total Interest Earned</b>	<u>995 909</u>	<u>759 766</u>	<u>995 909</u>	<u>759 766</u>

**CAPE AGULHAS LOCAL MUNICIPALITY**  
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**OTHER INCOME**

	ECONOMIC ENTITY		MUNICIPALITY	
	2015 R	2014 R	2015 R	2014 R
Connections - Electricity	646 249	668 923	646 249	668 923
Connections - Water	298 820	209 313	298 820	209 313
Building Plan Fees	654 643	428 049	654 643	428 049
Garden Refuse Removal	313 051	277 421	313 051	277 421
Sundry Income	1 121 551	1 179 525	1 121 551	1 179 525
<b>Total Other Income</b>	<b>3 034 313</b>	<b>2 763 231</b>	<b>3 034 313</b>	<b>2 763 231</b>

Other income represents sundry income such as administration income, building plans and legal income.

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**EMPLOYEE RELATED COSTS**

Long Service Awards	376 150	366 131	376 150	366 131
Post Retirement Medical	1 681 639	1 395 352	1 681 639	1 395 352
Employee related costs - Salaries and Wages	54 825 607	49 350 004	54 825 607	49 350 004
Group Life Insurance	902 087	809 640	902 087	809 640
Housing Subsidy	428 242	385 776	428 242	385 776
Leave Reserve Fund	923 671	79 052	923 671	79 052
Overtime	3 093 141	2 977 963	3 093 141	2 977 963
Employee related costs - Contributions for UIF, pensions and medical aids	11 194 942	9 811 798	11 194 942	9 811 798
Standby Allowances	1 713 540	1 498 125	1 713 540	1 498 125
Travel, motor car, telephone, assistance and other allowances	4 509 144	4 279 788	4 509 144	4 279 788
<b>Total Employee Related Costs</b>	<b>79 648 163</b>	<b>70 754 629</b>	<b>79 648 163</b>	<b>70 754 629</b>

**KEY MANAGEMENT PERSONNEL**

All Managers are appointed on a 5-year contract, except for the current Chief Financial Officer (Mr H van Biljon) who is appointed on a 3 and a half year contract. There are no post-employment or termination benefits payable to them at the end of the contract period.

**REMUNERATION OF KEY MANAGEMENT PERSONNEL**

*Remuneration of the Municipal Manager - D O'Neill*

Annual Remuneration	1 016 999	729 512	1 016 999	729 512
Performance Bonuses	132 000	-	132 000	-
Car Allowance	116 999	90 670	116 999	90 670
Subsistence and Travel	12 460	3 729	12 460	3 729
SALGA contribution	91	94	91	64
Contribution to Group Insurance	19 712	15 929	19 712	15 929
Contributions to UIF, Medical and Pension Funds	214 158	169 185	214 159	189 185
<b>Total</b>	<b>1 512 299</b>	<b>1 007 995</b>	<b>1 512 299</b>	<b>1 007 995</b>

*Remuneration of the Municipal Manager - R Stevens*

Annual Remuneration	-	74 635	-	74 635
Performance Bonuses	-	147 732	-	147 732
Car Allowance	-	7 199	-	7 199
SALGA contribution	-	6	-	9
Contribution to Group Insurance	-	1 991	-	1 991
Contributions to UIF, Medical and Pension Funds	-	18 428	-	18 428
<b>Total</b>	<b>-</b>	<b>247 991</b>	<b>-</b>	<b>247 991</b>

*Remuneration of the Manager: Community Services - KM Mrali*

Annual Remuneration	686 193	540 480	686 193	540 480
Performance Bonuses	91 366	-	91 366	-
Travelling Allowance	70 767	119 727	70 797	119 727
Subsistence and Travel	12 112	6 954	12 112	6 954
SALGA contribution	91	70	91	70
Contribution to Group Insurance	16 544	11 763	16 544	11 763
Contributions to UIF, Medical and Pension Funds	165 792	130 588	165 792	130 588
<b>Total</b>	<b>1 042 857</b>	<b>808 581</b>	<b>1 042 857</b>	<b>808 581</b>

*Remuneration of the Manager: Corporate Services - S Ngweni*

Annual Remuneration	675 814	629 019	675 814	629 019
Performance Bonuses	91 366	85 517	91 366	85 517
Travelling Allowance	98 969	99 241	98 969	99 241
Subsistence and Travel	16 051	27 921	16 051	27 921
SALGA contribution	81	76	81	76
Contribution to Group Insurance	14 192	13 870	14 192	13 870
Contributions to UIF, Medical and Pension Funds	166 948	139 563	166 948	139 563
<b>Total</b>	<b>1 063 320</b>	<b>995 206</b>	<b>1 063 320</b>	<b>995 206</b>

**CAPE AGULHAS LOCAL MUNICIPALITY**  
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**31 EMPLOYEE RELATED COSTS (CONTINUED)**

	ECONOMIC ENTITY		MUNICIPALITY	
	2015 R	2014 R	2015 R	2014 R
<b>Remuneration of the Manager: Civil Engineering Services - N Kotze</b>				
Annual Remuneration	682 995	636 200	682 995	636 200
Performance Bonuses	91 366	108 839	91 366	108 839
Travelling Allowance	81 621	83 637	81 621	83 637
Subsistence and Travel	7 263	4 803	7 263	4 803
SALGA contribution	81	76	81	76
Contribution to Group Insurance	14 343	14 028	14 343	14 028
Contributions to UIF, Medical and Pension Funds	168 140	158 992	168 140	158 992
<b>Total</b>	<b>1 045 809</b>	<b>1 006 576</b>	<b>1 045 809</b>	<b>1 006 576</b>
<b>Remuneration of the Chief Financial Officer - PJ Van Biljon</b>				
Annual Remuneration	776 155	296 374	776 155	296 374
Performance Bonuses	106 700	-	106 700	-
Car Allowance	135 252	65 144	135 252	65 144
Subsistence and Travel	11 964	7 641	11 964	7 641
SALGA contribution	81	32	81	32
Contribution to Group Insurance	-	-	-	-
Contributions to UIF, Medical and Pension Funds	166 408	68 617	166 408	68 617
<b>Total</b>	<b>1 196 560</b>	<b>437 807</b>	<b>1 196 560</b>	<b>437 807</b>
<b>Remuneration of the Chief Financial Officer - H Schlebusch</b>				
Annual Remuneration	-	216 452	-	216 452
Performance Bonuses	-	85 517	-	85 517
Car Allowance	-	16 000	-	16 000
SALGA contribution	-	25	-	25
Contribution to Group Insurance	-	5 227	-	5 227
Contributions to UIF, Medical and Pension Funds	-	45 676	-	45 676
<b>Total</b>	<b>-</b>	<b>368 897</b>	<b>-</b>	<b>368 897</b>

**32 REMUNERATION OF COUNCILLORS**

Executive Mayor	R G Mitchell	693 885	676 660	693 885	676 660
Executive Deputy Mayor	D Jantjes	559 288	528 739	559 288	528 739
Speaker	E C Marthinus	559 288	528 739	559 288	528 739
Councillor - Full time	M R Mokotwene	525 678	497 027	525 678	497 027
Councillor - Part time	P N Atyhosi	222 773	211 327	222 773	211 327
Councillor - Part time	J G A Nkomo	222 773	211 327	222 773	211 327
Councillor - Part time	G D Burger	222 773	211 327	222 773	211 327
Councillor - Part time	J A Coetzee	222 773	211 327	222 773	211 327
Councillor - Part time	W J October	222 773	211 327	222 773	211 327
<b>Total Councillors' Remuneration</b>		<b>3 452 005</b>	<b>3 287 800</b>	<b>3 452 005</b>	<b>3 287 800</b>

**In-kind Benefits**

The Executive Mayor, Deputy Executive Mayor, Speaker and one mayoral committee member are full-time. They are provided with secretarial support and an office each at the cost of the Council.

**33 DEBT IMPAIRMENT**

Receivables from exchange transactions - Refer to note 20	2 620 028	2 028 439	2 620 028	2 028 439
Receivables from non-exchange transactions - Refer to note 21	2 678 722	1 090 186	2 678 722	1 090 186
Other Receivables (GAMLEDA)	34 629	-	-	-
<b>Total Contribution to Impairment Provision/(Reversal of provision)</b>	<b>5 333 378</b>	<b>3 118 626</b>	<b>5 298 750</b>	<b>3 118 626</b>
Less VAT included in contribution for the year	87 819	(149 775)	87 819	(149 775)
<b>Debt Impairment recognised in statement of financial performance</b>	<b>5 421 197</b>	<b>2 968 851</b>	<b>5 386 569</b>	<b>2 968 851</b>
<b>Attributable to:</b>				
Continued Operations	5 389 568	2 968 851	5 386 568	2 968 851
Discontinued Operations - Refer to note 40	34 629	-	-	-
	<b>5 421 197</b>	<b>2 968 851</b>	<b>5 386 569</b>	<b>2 968 851</b>

**34 DEPRECIATION AND AMORTISATION**

Property Plant & Equipment	8 725 350	7 697 604	8 723 501	7 697 604
Landfill Sites	389 761	411 843	389 761	411 843
Investment Property	8 530	8 530	8 530	8 530
Intangible Assets	158 098	121 912	158 098	121 912
<b>Total Depreciation and Amortisation</b>	<b>9 281 738</b>	<b>8 239 888</b>	<b>9 279 890</b>	<b>8 239 888</b>
<b>Attributable to:</b>				
Continued Operations	9 279 890	8 239 888	9 279 890	8 239 888
Discontinued Operations - Refer to note 40	1 848	-	-	-
	<b>9 281 738</b>	<b>8 239 888</b>	<b>9 279 890</b>	<b>8 239 888</b>

**35 IMPAIRMENTS**

Investment in Municipal Entity - Southernmost Development Agency (Soc) Ltd	-	-	45 113	111 148
Landfill Sites	762 523	2 373 040	762 523	2 373 040
<b>Total Impairments</b>	<b>762 523</b>	<b>2 373 040</b>	<b>807 636</b>	<b>2 484 188</b>

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36	REPAIRS AND MAINTENANCE	ECONOMIC ENTITY		MUNICIPALITY	
		2015 R	2014 R	2015 R	2014 R
	Furniture, Office Equipment and Tools	1 128 128	507 856	1 128 128	507 856
	Buildings and Commonage	2 911 033	3 388 257	2 911 033	3 388 257
	Vehicles	2 060 255	1 989 339	2 060 255	1 989 339
	Infrastructure: Roads and Stormwater	1 581 914	1 467 861	1 581 914	1 467 861
	Infrastructure: Electricity	781 047	1 080 156	781 047	1 080 156
	Infrastructure: Sewerage	487 317	435 239	487 317	435 239
	Infrastructure: Water	2 291 875	1 051 925	2 291 875	1 051 925
	<b>Total Repairs and Maintenance</b>	<b>11 241 569</b>	<b>9 920 634</b>	<b>11 241 569</b>	<b>9 920 634</b>
37	<b>FINANCE CHARGES</b>				
	Long-term Liabilities	78 255	99 915	78 255	99 915
	Finance leases	21 018	27 434	21 018	27 434
	Post Retirement Medical	2 970 825	2 421 379	2 970 825	2 421 379
	Long service awards	401 580	302 875	401 580	302 875
	Landfill Sites	1 259 231	1 014 517	1 259 231	1 014 517
	<b>Total Finance Charges</b>	<b>4 730 909</b>	<b>3 866 121</b>	<b>4 730 909</b>	<b>3 866 121</b>
38	<b>BULK PURCHASES</b>				
	Electricity	57 191 642	53 634 985	57 191 642	53 634 985
	Water	255 313	625 609	255 313	625 609
	<b>Total Bulk Purchases</b>	<b>57 446 954</b>	<b>54 260 605</b>	<b>57 446 954</b>	<b>54 260 605</b>
39	<b>GENERAL EXPENSES</b>				
	Advertising	250 933	176 643	250 933	175 643
	Advertising & Tourism	750 000	708 200	750 000	706 200
	Audit Committee Allowances	63 365	60 761	63 365	60 761
	Audit fees	2 406 324	2 597 240	2 406 324	2 697 240
	Bank Charges	738 532	561 376	738 532	561 376
	Chemicals	1 204 136	1 123 847	1 204 136	1 123 847
	Cleaning material	164 556	165 917	164 556	165 917
	Cleaning projects	168 974	110 707	168 974	110 707
	Cleaning services & washing	100 259	64 629	100 266	64 626
	Computer Services & License fees	2 289 806	1 642 346	2 286 606	1 642 346
	Contributions - Pensioners	65 277	164 657	65 277	184 657
	Donations	96 000	69 000	96 000	66 000
	Entertainment costs	176 631	154 083	178 831	154 083
	Free Basic Electricity and Indigent Subsidy	618 299	527 521	616 286	527 521
	Fuel Cost	2 975 000	3 126 862	2 676 000	3 126 862
	Holiday Programmes & Entertainment	362 652	375 916	362 652	375 916
	Housing Development Fund	-	400 000	-	400 000
	Housing Subsidy	21 066 065	13 265 251	21 066 065	13 265 261
	Human Development	91 146	301 150	91 146	301 150
	Insurance	544 093	371 764	644 063	371 764
	Legal fees	1 702 422	1 766 104	1 702 422	1 766 104
	License fees - Radio	3 935	10 200	3 835	10 200
	License fees - Vehicles	119 661	115 055	119 661	115 055
	Local Economic Development	27 319	46 815	27 319	46 816
	Oil & Lubricants	45 527	40 864	45 527	40 864
	Postage	545 261	521 593	545 261	621 693
	Printing & Stationery	953 794	916 764	953 794	916 764
	Professional & Consultancy fees	4 101 339	4 644 665	4 101 339	4 644 665
	Protective Clothing	339 995	309 295	336 995	306 295
	Public Communication	256 803	276 663	256 803	276 663
	Recruiting Costs	136 307	227 562	136 307	227 562
	Refuse Bags	466 261	375 015	466 261	375 015
	Rental Paid	1 551 043	664 077	1 551 043	664 077
	Security Services	615 045	676 350	615 045	676 350
	Service Charges	692 951	539 736	692 951	539 736
	Service connections - new	264 347	192 343	264 347	192 343
	Social assistance	280	26 000	280	28 000
	Socio-Economic Development	228 706	159 856	228 706	159 856
	Structure - & Zoning planning	203 388	107 407	203 388	107 407
	Subscriptions - Organisations	777 891	675 701	777 891	675 701
	Subsistence & Travel Allowances	616 721	555 040	616 721	555 040
	Telephone costs	1 398 676	1 403 985	1 398 676	1 403 985
	Training & Development - Staff	1 391 977	2 168 718	1 391 977	2 168 718
	Training Levy	634 467	606 588	634 467	606 588
	Transfer costs	14 578	-	14 578	-
	Union Representative	18 193	19 241	18 193	19 241
	Valuation Costs	269 149	525 233	269 149	525 233
	Ward Committees	572 991	553 756	572 991	553 756
	Workmens Compensation Contributions	862 068	421 466	862 068	421 466
	Other	3 739 452	3 063 840	3 739 452	3 042 881
	<b>Total General Expenses</b>	<b>56 685 653</b>	<b>47 858 867</b>	<b>56 685 653</b>	<b>47 837 908</b>
<b>Attributable to:</b>					
	Continued Operations	56 685 653	47 837 908	56 685 653	47 837 908
	Discontinued Operations - Refer to note 40	-	20 959	-	-
		<b>56 685 653</b>	<b>47 858 867</b>	<b>56 685 653</b>	<b>47 837 908</b>

General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial performance. This include items such as telecommunications, travelling, legal fees, auditing fees and consulting fees.



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**40 DISCONTINUED OPERATIONS**

	ECONOMIC ENTITY		MUNICIPALITY	
	2015 R	2014 R	2015 R	2014 R
Debt Impairment	34 629	-	-	-
Depreciation and amortisation	1 848	-	-	-
General Expenses	-	20 959	-	-
Loss on Disposal of PPE	8 536	90 189	-	-
<b>Total Discontinued Operations</b>	<b>45 013</b>	<b>111 148</b>	<b>-</b>	<b>-</b>

All income and expenditure relates to the Southernmost Development Agency (Soc) Ltd. The Economic Entity resolved on 28 May 2013 not to further its objective of economic development through this legal structure.

**41 TAXATION**

Normal taxation	-	-	-	-
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No taxation is payable since the Agency has an incurred a loss in the current year. No deferred tax asset was created for the tax loss, since it is clear that there will be no taxable income in the future.

**42 CHANGE IN ACCOUNTING POLICY IN TERMS OF GRAP 3**

**42.01 PROPERTY PLANT AND EQUIPMENT**

Reallocation of Furniture and Office Equipment (CAMELDA) on 30 June 2013  
Reallocation of Furniture and Office Equipment (CAMELDA) disposals during 2013/2014  
Effect of change in accounting policy up to 30 June 2014

	ECONOMIC ENTITY	MUNICIPALITY
	2014 R	2014 R
	96 014	-
	(85 630)	-
	<b>10 384</b>	<b>-</b>

**42.02 INTANGIBLE ASSETS**

Reallocation of assets on 30 June 2013  
Reallocation of disposals during 2013/2014  
Effect of change in accounting policy up to 30 June 2014

	4 559	-
	(4 559)	-
	<b>-</b>	<b>-</b>

**42.03 TAXES**

Reallocation of assets on 30 June 2013  
Reallocation of additions during 2013/2014  
Effect of change in accounting policy up to 30 June 2014

	34 587	-
	42	-
	<b>34 629</b>	<b>-</b>

**42.04 ASSETS HELD FOR SALE**

Balance previously reported  
Reallocation of assets held for sale on 30 June 2013  
Reallocation of movement on assets held for sale during 2013/2014  
Effect of change in accounting policy up to 30 June 2014

	45 013	-
	(135 160)	-
	90 147	-
	<b>-</b>	<b>-</b>

The change in accounting policy relates to the amendments included in GRAP 100 - "Discontinued Operations". The amendments require that assets held for sale shall not be reallocated to a separate line item in the statement of financial position. The transitional provision on initial adoption of GRAP 100 requires that:

- Changes to the way in which non-current assets held for sale are measured, shall be applied prospectively at the beginning of the period in which these amendments are adopted

- Changes to the way in which non-current assets held for sale are classified and presented on the statement of financial position and accompanying notes, shall be applied retrospectively by adjusting information to the earliest period presented.

**43 CORRECTION OF ERROR IN TERMS OF GRAP 3**

**43.01 PROPERTY PLANT AND EQUIPMENT**

Balance previously reported  
Correction of the classification of assets on 30 June 2013 (Cost)

Effect on Land  
Effect on Buildings  
Effect on Community Assets (Parks & Gardens)  
Effect on Community Assets (Clinics)  
Effect on Community Assets (Cemeteries)  
Effect on Other Assets (Other)

Correction of the classification of assets during 2013/2014 (Cost)

Effect on Infrastructure Roads and Storm water  
Effect on Infrastructure Water Network

Recognition of assets previously not recognised on 30 June 2007 - Refer to note 43.05

Effect on Land  
Effect on Buildings  
Effect on Other Assets (Computer Hardware)  
Effect on Other Assets (Tools and Equipment)  
Effect on Other Assets (Office Equipment)  
Effect on Other Assets (Furniture)

	276 472 683	276 472 683
	-	-
	(25 000)	(25 000)
	(126 207)	(126 207)
	85 789	85 789
	10 000	10 000
	141 207	141 207
	(85 789)	(85 789)
	<b>-</b>	<b>-</b>
	9 103	9 103
	(9 103)	(9 103)
	<b>8 077 108</b>	<b>8 077 108</b>
	6 761 070	6 761 070
	1 249 388	1 249 388
	620	620
	1 477	1 477
	8 021	8 021
	56 532	56 532

**CAPE AGULHAS LOCAL MUNICIPALITY**  
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43

**CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)**

	ECONOMIC ENTITY 2014 R	MUNICIPALITY 2014 R
Recognition of donated land not recognised in 2013/2014 - Refer to note 43.06	1 000	1 000
Effect on Land	1 000	1 000
Remove assets incorrectly included in asset register up to 30 June 2013 - Refer to note 43.05	(797 989)	(797 989)
Effect on Community Assets (Recreation Grounds)	(17 774)	(17 774)
Effect on Buildings	(474 296)	(474 296)
Effect on Other Assets (Civic Land and Buildings)	(2 134)	(2 134)
Effect on Other Assets (Furniture)	(88)	(88)
Effect on Other Assets (Other)	(303 697)	(303 697)
Correction of depreciation up to 30 June 2013 (Correction of classification, first time recognitions and assets removed) - Refer to note 43.05	56 045	56 045
Effect on Buildings	(24 688)	(24 688)
Effect on Community Assets (Parks & Gardens)	(4 865)	(4 865)
Effect on Community Assets (Recreation Grounds)	11 859	11 859
Effect on Other Assets (Tools & Equipment)	(887)	(887)
Effect on Other Assets (Furniture)	(33 431)	(33 431)
Effect on Other Assets (Civic Land and Buildings)	662	662
Effect on Other Assets (Office Equipment)	(4 817)	(4 817)
Effect on Other Assets (Computer Hardware)	(372)	(372)
Effect on Other Assets (Other)	112 584	112 584
Correction of depreciation during 2013/2014 (Correction of classification, first time recognitions and assets removed) - Refer to note 43.06	(1 530)	(1 530)
Effect on Buildings	(7 887)	(7 887)
Effect on Community Assets (Parks & Gardens)	(4 289)	(4 289)
Effect on Community Assets (Recreation Grounds)	1 185	1 185
Effect on Other Assets (Tools & Equipment)	(148)	(148)
Effect on Other Assets (Furniture)	(5 560)	(5 560)
Effect on Other Assets (Civic Land and Buildings)	21	21
Effect on Other Assets (Office Equipment)	(802)	(802)
Effect on Other Assets (Computer Hardware)	(62)	(62)
Effect on Other Assets (Other)	18 012	18 012
Recognise Infrastructure from housing grant on 30 June 2014 - Refer to note 43.06	2 825 000	2 825 000
Effect on Infrastructure Roads and Storm water	701 536	701 536
Effect on Infrastructure Sewerage Network	935 924	935 924
Effect on Infrastructure Water Network	1 187 540	1 187 540
Contribution to housing expenditure incorrectly not capitalised during 2013/2014 (Water Infrastructure) - Refer to note 43.06	1 941 318	1 941 318
Remove assets from infrastructure incorrectly not disposed of in year commencing before 30 June 2013	(227 055)	(227 055)
Effect on Infrastructure Electricity Cost - Refer to note 43.05	(314 534)	(314 534)
Effect on Infrastructure Electricity Accumulated Depreciation up to 30 June 2013 - Refer to note 43.05	81 189	81 189
Effect on Infrastructure Electricity Depreciation during 2013/2014 - Refer to note 43.06	6 291	6 291
Correction of upgrades to holiday resorts incorrectly included as part of recreational facilities	-	-
Effect on Community Assets (Recreation Grounds) - Cost	(1 678 602)	(1 678 602)
Effect on Community Assets (Recreation Grounds) - Accumulated Depreciation up to 30 June 2013	355 738	355 738
Effect on Community Assets (Recreation Grounds) - Depreciation during 2013/2014	102 848	102 848
Effect on Buildings - Cost	1 678 602	1 678 602
Effect on Buildings - Accumulated Depreciation up to 30 June 2013	(355 738)	(355 738)
Effect on Buildings - Depreciation during 2013/2014	(102 848)	(102 848)
Effect of change in accounting policy up to 30 June 2014 - Refer to note 42.01	10 384	-
	<b>288 366 963</b>	<b>288 346 579</b>
<b>43.02 INVESTMENT PROPERTY</b>		
Balance previously reported	40 694 286	40 694 286
Recognition of assets previously not recognised on 30 June 2007 - Refer to note 43.05	20 000	20 000
	<b>40 714 286</b>	<b>40 714 286</b>

**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**43 CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)**

	ECONOMIC ENTITY	MUNICIPALITY
	2014 R	2014 R
<b>43.03 RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
Balance previously reported	15 042 831	15 042 831
Correction of UIF incorrectly paid over on Remuneration of Councillors - Refer to note 43.05	25 609	25 609
	<u>15 068 439</u>	<u>15 068 439</u>
<b>43.04 CURRENT EMPLOYEE BENEFITS</b>		
Balance previously reported	6 947 380	6 947 380
Correction of pension fund provision incorrectly accounted for on 30 June 2015 - Refer to note 43.05	(43 212)	(43 212)
	<u>6 904 168</u>	<u>6 904 168</u>
<b>43.05 ACCUMULATED SURPLUS</b>		
Balance previously reported	275 611 847	275 611 847
Corrections on comparative figures in statement of financial performance - Refer to note 43.05	4 772 076	4 772 076
Recognition of assets previously not recognised on 30 June 2007 - Refer to note 43.01	8 077 108	8 077 108
Correction of pension fund provision incorrectly accounted for on 30 June 2015 - Refer to note 43.04	43 212	43 212
Recognition of investment property previously not recognised on 30 June 2007 - Refer to note 43.02	20 000	20 000
Correction of depreciation up to 30 June 2013 (Correction of classification, first time recognitions and assets removed) - Refer to note 43.01		56 045
Remove assets incorrectly included in asset register up to 30 June 2015 - Refer to note 43.01	(797 989)	(797 989)
Correction of UIF incorrectly paid over on Remuneration of Councillors - Refer to note 43.03	25 609	25 609
Remove assets from infrastructure incorrectly not disposed of in year commencing before 30 June 2013 - Refer to note 43.01	(233 345)	(233 345)
Corrections on opening balance of accumulated surplus on 30 June 2013	<u>7 134 594</u>	<u>7 190 639</u>
	<u>287 518 518</u>	<u>287 574 563</u>
<b>43.06 Statement of Financial Performance</b>		
Balance previously reported	6 892 550	6 892 550
Finance charges on non-current employee benefits incorrectly allocated to employee related costs	-	-
Effect on Employee Related Costs	2 724 254	2 724 254
Effect on Finance Charges	(2 724 254)	(2 724 254)
Recognition of donated land not recognised in 2013/2014 - Refer to note 43.01	1 000	1 000
Correction of depreciation during 2013/2014 (Correction of classification, first time recognitions and assets removed) - Refer to note 43.01	(1 530)	(1 530)
Recognise Infrastructure from housing grant on 30 June 2014 - Refer to note 43.01	2 825 000	2 825 000
Contribution to housing expenditure incorrectly not capitalised during 2013/2014 (Water Infrastructure) - Refer to note 43.01	1 941 316	1 941 316
Effect on Employee related costs	200 275	200 275
Effect on Repairs and Maintenance	242 527	242 527
Effect on General Expenses	1 498 515	1 498 515
Correction of allocation between operating and capital grant revenue due to reallocation identified	-	-
Effect on Government Grants and Subsidies - Capital	4 768 316	4 768 316
Effect on Government Grants and Subsidies - Operating	(4 768 316)	(4 768 316)
Remove assets from Infrastructure incorrectly not disposed of in year commencing before 30 June 2013 - Refer to note 43.01	6 291	6 291
Total	<u>11 664 627</u>	<u>11 664 627</u>
<b>43.07 Cash Flow Statement</b>		
Other than the previous corrections included in note 43, the following reclassification errors were corrected in the Cash Flow Statement		
Balance previously reported	21 407 201	21 407 201
Finance leases raised incorrectly recognised as a cash flow item	-	-
Effect on New loans raised	(167 611)	(167 611)
Effect on Purchase of Property, Plant and Equipment	167 611	167 611
Non-Cash Finance charges incorrectly disclosed as part of interest paid	-	-
Effect on Suppliers and employees	(1 014 517)	(1 014 517)
Effect on Finance charges	1 014 517	1 014 517
Loss on disposal bad debts written off and operating lease asset accrued incorrectly accounted for in cash flow	-	-
Effect on Ratepayers and other	(1 919 790)	(1 919 790)
Effect on Suppliers and employees	1 919 790	1 919 790
Total	<u>21 407 201</u>	<u>21 407 201</u>

**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**43 CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)**

**43.08 Financial Instruments**

The following items were incorrectly included as financial instruments in note 53

Receivables from non-exchange (Fines)

Non-Current Provisions - Landfill Sites  
 Current Provisions - Landfill Sites

These items do not satisfy the recognition criteria of a financial instrument.

**ECONOMIC ENTITY**  
 2014  
 R

**MUNICIPALITY**  
 2014  
 R

641 780	641 780
21 325 455	21 325 455
2 713 221	2 713 221
<b>24 038 676</b>	<b>24 038 676</b>

**44 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED BY OPERATIONS**

**ECONOMIC ENTITY**                      **MUNICIPALITY**

2015                      2014                      2015                      2014  
 R                      R                      R                      R

Surplus for the year	6 163 456	11 664 627	6 163 356	11 664 627
<b>Adjustments for:</b>				
Depreciation and amortisation	9 281 738	8 239 888	9 279 890	8 239 888
Impairments	762 523	2 373 040	807 636	2 484 188
(Gain)/Loss on disposal of property, plant and equipment	543 048	1 358 390	534 512	1 265 201
Public Contributions	-	(1 000)	-	(1 000)
Contribution from/to employee benefits - non-current	5 430 194	4 486 737	5 430 194	4 486 737
Contribution from/to employee benefits - non-current - expenditure incurred	(1 034 195)	(949 480)	(1 034 195)	(949 480)
Contribution from/to employee benefits - non-current - actuarial losses	1 919 983	2 773 562	1 919 983	2 773 662
Contribution to employee benefits - current	4 758 655	3 281 908	4 758 655	3 281 908
Contribution to employee benefits - current - expenditure incurred	(4 035 084)	(3 584 232)	(4 035 084)	(3 584 232)
Contribution to provisions - non-current	1 259 231	1 014 517	1 259 231	1 014 517
Contribution to provisions - bad debt	5 421 197	2 958 851	5 385 588	2 958 851
Bad debts written off	(4 643 278)	(648 682)	(4 643 276)	(648 682)
Operating lease income accrued	2 581	(4 907)	2 581	(4 907)
Operating lease expenses accrued	11 531	-	11 531	-
Interest Received (Directly attributable to grants)	-	11 353	-	11 353
Operating Surplus before changes in working capital	25 851 582	32 982 572	25 851 582	33 003 831
Changes in working capital	(5 918 241)	(631 067)	(5 918 241)	(631 025)
Decrease in Payables from exchange transactions	3 258 287	1 044 335	3 288 287	1 044 335
Decrease in Unspent Conditional Public Contributions and Receipts	45 357	-	48 357	-
Increase in Taxes	702 483	109 403	702 483	109 445
(Increase)/Decrease in Inventory	(792 921)	218 513	(792 921)	218 513
Increase in Receivables from exchange and non-exchange transactions	(3 785 067)	(5 188 588)	(3 785 087)	(5 188 588)
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	(5 357 359)	3 187 288	(5 357 359)	3 187 288
<b>Cash generated by operations</b>	<b>19 933 341</b>	<b>32 351 804</b>	<b>19 933 341</b>	<b>32 372 606</b>

**45 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the cash flow statement comprise the following:

Cash Floats - Refer to note 23	14 100	14 100	14 100	14 100
Bank - Refer to note 23	2 819 992	11 393 101	2 819 992	11 393 101
Call Investment and Other Deposits - Refer to note 23	16 000 000	10 000 000	16 000 000	10 000 000
<b>Total cash and cash equivalents</b>	<b>18 834 092</b>	<b>21 407 201</b>	<b>18 834 092</b>	<b>21 407 201</b>

**46 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES**

Cash and Cash Equivalents - Refer to note 45

	18 834 092	21 407 201	18 834 092	21 407 201
<b>Less:</b>	<b>18 834 092</b>	<b>21 407 201</b>	<b>18 834 092</b>	<b>21 407 201</b>
	844 667	5 529 399	844 667	5 529 399
Unspent Committed Conditional Grants - Refer to note 10	172 039	5 529 399	172 039	5 529 399
Unspent Public Contribution - Note 11	46 357	-	46 357	-
VAT - Refer to note 12	626 271	-	626 271	-
<b>Net cash resources available for internal distribution</b>	<b>17 989 424</b>	<b>15 877 802</b>	<b>17 989 424</b>	<b>15 877 802</b>
<b>Allocated to:</b>				
Capital Replacement Reserve	17 750 000	15 750 000	17 750 000	15 750 000
<b>Resources available for working capital requirements</b>	<b>239 424</b>	<b>127 803</b>	<b>239 424</b>	<b>127 803</b>

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**47 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION**

	ECONOMIC ENTITY		MUNICIPALITY	
	2015 R	2014 R	2015 R	2014 R
Long-term Liabilities - Refer to note 3	1 361 846	807 331	1 361 846	807 331
Used in finance property, plant and equipment - at cost	(1 361 846)	(807 331)	(1 361 846)	(807 331)
	-	-	-	-
Cash set aside for the repayment of long-term liabilities	-	-	-	-
Cash invested for repayment of long-term liabilities	-	-	-	-

**48 BUDGET COMPARISONS**

In order to comply with the requirements of GRAP 24.12 and GRAP 24.27, all required disclosures are included in pages 7 to 12.

Differences were identified between the disclosure requirements in terms of GRAP and the reporting requirements in terms of National Treasury budget formats.

The following items are affected by these classification differences:

**Statement of financial position**

Consumer debtors in budget statements consist out of Receivables from Exchange and Receivables from Non-exchange.

The budget formats does not allow for various sundry debtor balances to be disclosed separately. For this reason, Unpaid Conditional Grants and Receipts, Operating Lease Assets and Taxes are all incorporated under other receivables.

Included in Trade and other payables per budget statement are Payables from Exchange Transactions as well as Unspent Conditional Government Grants and Receipts.

Employee benefits and Provisions (current and non-current) are disclosed separately in the financial statements while these figures are aggregated in the budget statements.

**Statement of financial performance**

The statement of financial performance is comparable on a line by line basis except for the following items:

The budget statements does not provide for all the different revenue classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Revenue in the budget statement. Other revenue per budget statement consist out of the following line items - Public Contributions and donations, Other Income and Third Party Payments.

Depreciation/Amortisation and Impairments are disclosed separately in the financial statements while these figures are aggregated in the budget statements.

The budget statements does not provide for all the different expenditure classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Expenditure in the budget statement. Other Expenditure per budget statement consist out of the following line items - General Expenses, Repairs and Maintenance and Actuarial Losses.

**Cash Flow Statement**

The Cash Flow Statement is presented on a comparable basis.

**49 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**

**49.1 Unauthorised expenditure**

Reconciliation of unauthorised expenditure:

Opening balance	41 507 477	25 552 730	41 507 477	25 552 730
Unauthorised expenditure current year - capital	3 646 440	7 178 389	3 646 440	7 178 389
Unauthorised expenditure current year - operating	3 798 828	8 776 358	3 798 828	8 776 358
Approved by Council or condoned	(41 507 477)	-	(41 507 477)	-
Unauthorised expenditure awaiting authorisation	7 445 269	41 507 477	7 445 269	41 507 477

Incident	Disciplinary steps/criminal proceedings
Over expenditure of approved budget on votes 2014/15	None

**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

49 **UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUED)**

	2015 R (Actual)	2015 R (Budget)	2015 R (Variance)	2015 R (Unauthorised)
<b>Unauthorised expenditure current year - operating</b>				
Executive and Council	14 743 988	14 489 901	254 087	254 087
Budget and Treasury Office	31 334 448	31 124 784	209 664	209 664
Corporate Services	21 030 047	22 669 956	(1 639 909)	-
Community and Social Services	33 003 336	36 018 176	(3 014 840)	-
Sport and Recreation	8 170 225	8 625 381	(455 156)	-
Public Safety	8 904 557	7 803 779	1 100 778	1 100 778
Road Transport	11 741 302	11 305 082	436 220	436 220
Electricity	66 277 177	68 380 484	(2 103 307)	-
Water	13 801 400	13 037 975	763 425	763 425
Waste Water Management	8 217 010	7 200 857	1 016 153	1 016 153
Waste Management	11 641 486	12 406 434	(764 948)	-
Environmental Protection	348 320	327 819	18 501	18 501
Other	3 385 093	4 913 454	(1 528 361)	-
	<b>232 596 388</b>	<b>238 304 082</b>	<b>(5 707 694)</b>	<b>3 798 828</b>

Expenditure per approved budget  
Indigent Subsidies recognised as revenue foregone

245 689 032  
(7 384 950)  
**238 304 082**

**Unauthorised expenditure current year - capital**

	2015 R (Actual)	2015 R (Budget)	2015 R (Variance)	2015 R (Unauthorised)
Executive and Council	71 811	123 170	(51 359)	-
Budget and Treasury Office	848 408	868 740	(18 272)	-
Corporate Services	1 257 994	1 446 150	(188 156)	-
Community and Social Services	1 362 648	1 263 103	99 545	99 545
Sport and Recreation	1 987 216	2 092 800	(105 584)	-
Public Safety	22 154	20 040	2 114	2 114
Road Transport	10 094 387	9 904 800	189 787	189 787
Electricity	2 761 418	2 881 360	(129 942)	-
Water	480 722	785 000	(304 278)	-
Waste Water Management	790 250	773 900	16 350	16 350
Waste Management	36 675 918	38 736 218	(90 302)	-
Other	3 412 494	73 850	3 338 644	3 338 644
	<b>59 755 479</b>	<b>58 868 831</b>	<b>2 788 548</b>	<b>3 848 440</b>

**ECONOMIC ENTITY**

**MUNICIPALITY**

49.2 **Fruitless and wasteful expenditure**

Reconciliation of fruitless and wasteful expenditure:

Opening balance	-	-	-	-
Irregular expenditure current year	18 587	-	18 587	-
Condoned or written off by Council	(950)	-	(950)	-
Irregular expenditure awaiting condonement	<b>17 617</b>	<b>-</b>	<b>17 617</b>	<b>-</b>

Incident	Disciplinary steps/criminal proceedings
Interest on late payments	None
Settlement payment relating to unfair dismissal	None
	<b>18 567</b>

49.3 **Irregular expenditure**

Reconciliation of irregular expenditure:

Opening balance	992 113	-	992 113	-
Irregular expenditure current year	717 097	1 707 045	717 097	1 707 045
Condoned or written off by Council	(992 113)	(714 931)	(992 113)	(714 931)
Irregular expenditure awaiting condonement	<b>717 098</b>	<b>992 113</b>	<b>717 098</b>	<b>992 113</b>

**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**49 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE  
DISALLOWED (CONTINUED)**

		ECONOMIC ENTITY		MUNICIPALITY	
		2015 R	2014 R	2015 R	2014 R
<b>Incident</b>	<b>Disciplinary steps/criminal proceedings</b>				
Premium Computers - Non-compliance with MFMA section 44.	None	-	247 064	-	247 064
Nashua Mobile (Pty) Ltd - Non-compliance with MFMA section 44.	None	138 292	219 575	138 292	219 575
Schneider Electric South Africa PTY (LTD) - Non-compliance with MFMA section 44	None	270 977	-	270 977	-
Identified irregular expenditure in terms of the SCM policy acquisition procedures	None	9 091	-	9 091	-
Non-Compliance relating to Bid Adjudication Committees not in line with SCM Regulation 29 (4)	None	298 737	-	298 737	-
Brasika - Services Rendered after contract have lapsed	None	-	714 931	-	714 931
Thusong Centre - Contract extended with more than 20% of tender award.	None	-	525 475	-	525 475
		<b>717 997</b>	<b>1 707 045</b>	<b>717 097</b>	<b>1 707 045</b>

**49.4 Material Losses**

	2015 R	2014 R	2015 R	2014 R
<b>Electricity distribution losses</b>				
- Units purchased (Kwh)	71 405 571	71 731 702	71 405 571	71 731 702
- Units lost during distribution (Kwh)	4 607 825	6 203 948	4 607 825	6 203 948
- Percentage lost during distribution	6.45%	8.65%	6.45%	8.65%
- Rand Value of Loss	2 580 382	3 348 003	2 580 382	3 348 003
<b>Water distribution losses</b>				
- Kilo litres purified	2 511 992	2 322 057	2 511 992	2 322 057
- Kilo litres lost during distribution	537 199	523 186	537 199	523 186
- Percentage lost during distribution	21.39%	22.53%	21.39%	22.53%
- Rand Value of Loss	886 379	888 895	886 379	888 895

**50 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

**50.1 Contributions to organised local government - (MFMA 125 (1)(b)) - SALGA CONTRIBUTIONS**

Opening balance	(763 363)	-	(763 363)	-
Council subscriptions	763 363	883 453	763 363	883 453
Amount paid - current year	(847 413)	(1 426 818)	(847 413)	(1 426 818)
Payment in advance (Included in note 20)	<b>(847 413)</b>	<b>(763 363)</b>	<b>(847 413)</b>	<b>(763 363)</b>

**50.2 Audit fees - (MFMA 125 (1)(c))**

Opening balance	-	-	-	-
Current year audit fee	2 806 574	3 021 634	2 806 574	3 021 634
External Audit - Auditor-General	2 743 209	2 960 854	2 743 209	2 960 854
Audit Committee	63 365	60 781	63 365	60 781
Amount paid - current year	<b>(2 806 574)</b>	<b>(3 021 634)</b>	<b>(2 806 574)</b>	<b>(3 021 634)</b>
Balance unpaid	-	-	-	-

**50.3 VAT - (MFMA 125 (1)(c))**

Opening balance	997 767	1 071 601	997 767	1 071 601
Amounts received during the year	(936 699)	(2 510 500)	(936 699)	(2 510 500)
Amounts paid during the year	2 044 965	1 632 528	2 044 966	1 632 528
Amounts claimed - current year	512 537	2 383 317	512 537	2 383 317
Amounts payable - current year	<b>(2 187 064)</b>	<b>(1 579 180)</b>	<b>(2 187 064)</b>	<b>(1 579 180)</b>
Closing balance	<b>431 506</b>	<b>997 767</b>	<b>431 506</b>	<b>997 767</b>
Vat in suspense due to cash basis of accounting	<b>(1 057 777)</b>	<b>(886 926)</b>	<b>(1 057 777)</b>	<b>(921 555)</b>

VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.

**50.4 PAYE, SDL and UIF - (MFMA 125 (1)(c))**

Current year payroll deductions and Council Contributions	10 435 648	9 518 056	10 435 648	9 518 056
Amount paid - current year	<b>(10 435 648)</b>	<b>(9 518 056)</b>	<b>(10 435 648)</b>	<b>(9 518 056)</b>
Balance unpaid	-	-	-	-

**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**50 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)**

	ECONOMIC ENTITY		MUNICIPALITY	
	2015 R	2014 R	2015 R	2014 R
<b>50.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]</b>				
Current year payroll deductions and Council Contributions	18 527 341	16 001 736	18 527 341	16 001 736
Amount paid - current year	(18 527 341)	(16 001 736)	(18 527 341)	(16 001 736)
Balance unpaid	-	-	-	-

**50.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]**

The following Councillors had arrear accounts for more than 90 days as at 30 JUNE 2015:

	Outstanding more than 90 days	Outstanding more than 90 days	Outstanding more than 90 days	Outstanding more than 90 days
None	-	-	-	-

**50.7 Quotations awarded - Supply Chain Management**

Approved deviations from Supply Chain Management Regulations were identified on the following categories:

Non Compliance per financial category

- Less than R 30 000	325 871	581 576	325 871	581 576
- Between R 30 000 and R 200 000	861 652	1 668 073	861 652	1 668 073
- More than R 200 000	1 678 797	4 322 660	1 678 797	4 322 660
	<b>2 866 320</b>	<b>6 572 309</b>	<b>2 866 320</b>	<b>6 572 309</b>

**50.8 Other non-compliance (MFMA 125(2)(e))**

Non-compliance in terms of Regulation 9(1) of the Preferential Procurement Regulations were identified. This Regulation relates to the awarding of bids with reference to local production and content.

**50.9 Trading with employees in service of the state (SCM 44 and 45)**

During the year under review, the municipality engaged with the following employees in service of the state (SCM 44)

Name (State Institution)	Supplier name				
P Ntombela (Amalole Water Board)	Schneider Electric South Africa PTY(LTD)	270 977	-	270 977	-
N Eksteen (Denel SOC Ltd)	Premium Computers	-	247 064	-	247 064
V Zilumane (EC Parks and Tourism Agency)	Total Client Services Limited	-	87 287	-	87 287
D Nchoke (Nat Arts & Culture)	Nashua Mobile (Pty) Ltd	138 292	219 575	138 292	219 575
M Mokoena (Gautrain Management Agency)	Ince Portfolio Managers (Pty)	-	178 484	-	178 484
		<b>409 269</b>	<b>730 390</b>	<b>409 269</b>	<b>730 390</b>

During the year under review, the municipality engaged with the following entities where spouses of suppliers are in service of the state (SCM 45)

Name (State Institution)	Supplier name				
TL Du Toit (Department of Health)	Cape Agulhas Civils	3 033 247	7 207 229	3 033 247	7 207 229
C Rhoda (City of Cape Town)	NCC Environmental Services CC	-	17 698	-	17 698
		<b>3 033 247</b>	<b>7 224 927</b>	<b>3 033 247</b>	<b>7 224 927</b>

R du Plessis a Senior Manager of Schneider Electric South Africa PTY(LTD) spouse A du Plessis is also in the service of Department Health and already disclosed under section 44 of the SCM Regulations with reference to P Ntombela from the same company who was in the service state within a period of 12 months

**51 CAPITAL COMMITMENTS**

Commitments in respect of capital expenditure:

Approved and contracted for:	-	5 457 845	-	5 457 845
GAP Housing	-	558 684	-	558 684
Streets and Stormwater	-	4 402 341	-	4 402 341
Upgrading of Welverdiend Library	-	496 820	-	496 820
<b>Total</b>	<b>-</b>	<b>5 457 845</b>	<b>-</b>	<b>5 457 845</b>

This expenditure will be financed from:

Government Grants	-	5 457 845	-	5 457 845
	<b>-</b>	<b>5 457 845</b>	<b>-</b>	<b>5 457 845</b>



**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

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**FINANCIAL RISK MANAGEMENT**

The activities of the Economic Entity expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Economic Entity's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Economic Entity's financial performance.

**(a) Foreign Exchange Currency Risk**

The Economic Entity does not engage in foreign currency transactions.

**(b) Price risk**

The Economic Entity is not exposed to price risk.

**(c) Interest Rate Risk**

As the Economic Entity has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The Economic Entity analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The Economic Entity did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follows:

1% (2014 - 1%) Increase in interest rates  
 0% (2014 - 0%) Decrease in interest rates

Due to the fact that the South African economy is in an upward interest rate cycle, there are no expectation for a decrease in interest rates on 30 June 2014 and 30 June 2015.

**(d) Credit Risk**

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Economic Entity to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, receivables and unpaid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debts. Receivables comprise of a large number of users, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these receivables. Credit risk pertaining to receivables are considered to be moderate due to the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the Economic Entity effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 20 and 21 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 20 for balances included in receivables that were re-negotiated for the period under review.

No receivables are pledged as security for financial liabilities.

Due to the short term nature of receivables the carrying value disclosed in note 20 and 21 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows for both Economic Entity and Municipality:

	2015 %	2015 R	2014 %	2014 R
Rates and Fines	45.15%	5 127 012	27.18%	2 908 273
Other Services	54.85%	6 228 450	72.82%	7 791 716
	100.00%	11 355 463	100.00%	10 699 989

The entity only deposits cash with major banks with high quality credit standing. These banks are all listed on the JSE. The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

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**FINANCIAL RISK MANAGEMENT (CONTINUED)**

No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment.

Financial assets exposed to credit risk at year end are as follows:

	<b>ECONOMIC ENTITY</b>		<b>MUNICIPALITY</b>	
	<b>2015 R</b>	<b>2014 R</b>	<b>2015 R</b>	<b>2014 R</b>
Long term receivables	283 000	324 457	283 000	324 457
Receivables from exchange transactions	18 180 830	15 068 439	18 180 830	15 068 439
Receivables from non-exchange transactions	-	5 036	-	5 036
Cash and Cash Equivalents	18 834 092	21 407 201	18 834 092	21 407 201
	<b>37 297 922</b>	<b>36 805 134</b>	<b>37 297 922</b>	<b>36 805 134</b>

**(e) Liquidity Risk**

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the Treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an on-going review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant (Economic Entity and Municipality).

	<b>Less than 1 year</b>	<b>Between 1 and 5 years</b>	<b>Between 5 and 10 years</b>	<b>Over 10 Years</b>
<b>30 JUNE 2015</b>				
Long Term liabilities - Annuity Loans	238 724	238 458	-	-
Capital repayments	185 375	214 058	-	-
Interest	53 349	24 388	-	-
Long Term liabilities - Finance Leases	952 403	132 024	-	-
Capital repayments	331 611	74 881	-	-
Interest	630 792	57 343	-	-
Provisions - Landfill Sites	3 654 891	-	-	599 817 172
Capital repayments	3 654 891	-	-	58 094 234
Interest	-	-	-	541 722 938
Payables from exchange transactions	8 744 685	-	-	-
Unspent conditional government grants and receipts	172 039	-	-	-
Unspent Public Contributions	46 357	-	-	-
	<b>13 819 099</b>	<b>370 480</b>	<b>-</b>	<b>599 817 172</b>
<b>30 JUNE 2014</b>				
Long Term liabilities - Annuity Loans	238 724	477 180	-	-
Capital repayments	160 467	399 444	-	-
Interest	78 257	77 737	-	-
Long Term liabilities - Finance Leases	157 571	112 152	-	-
Capital repayments	143 318	104 103	-	-
Interest	14 253	8 049	-	-
Provisions - Landfill Sites	2 713 221	-	-	211 987 075
Capital repayments	2 713 221	-	-	21 325 455
Interest	-	-	-	190 661 620
Payables from exchange transactions	6 159 870	-	-	-
Unspent conditional government grants and receipts	5 529 399	-	-	-
	<b>14 798 785</b>	<b>589 332</b>	<b>-</b>	<b>211 987 075</b>

**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**53 FINANCIAL INSTRUMENTS**

In accordance with GRAP 104 the financial instruments of the Economic Entity are classified as follows:

<b>53.1 Financial Assets</b>	<b>Classification</b>	<b>2015 R</b>	<b>2014 R</b>	<b>2015 R</b>	<b>2014 R</b>
<b>Long-term Receivables</b>					
Loans to organisations – at amortised cost	At amortised cost		4 439	-	4 439
Individual housing loans	At amortised cost	278 581	313 463	278 581	313 463
<b>Non-Current Investments</b>					
Investment in Municipal Entity	At amortised cost	-	-	-	45 113
<b>Consumer and other Debtors</b>					
Receivables from exchange transactions	At amortised cost	18 180 830	15 068 439	18 180 830	15 068 439
Receivables from non-exchange transactions	At amortised cost	-	5 036	-	5 036
<b>Current Portion of Long-term Receivables</b>					
Loans to organisations – at amortised cost	At amortised cost	4 439	6 554	4 439	6 554
<b>Bank Balances and Cash</b>					
Bank Balances	At amortised cost	18 819 992	21 393 101	18 819 992	21 393 101
Cash Floals and Advances	At amortised cost	14 100	14 100	14 100	14 100
		<b>37 297 922</b>	<b>36 805 134</b>	<b>37 297 922</b>	<b>36 850 246</b>

**SUMMARY OF FINANCIAL ASSETS**

At amortised cost	<b>37 297 922</b>	<b>36 805 134</b>	<b>37 297 922</b>	<b>36 850 246</b>
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<b>53.2 Financial Liability</b>	<b>Classification</b>	<b>2015 R</b>	<b>2014 R</b>	<b>2015 R</b>	<b>2014 R</b>
<b>Non-Current Liabilities</b>					
Annuity Loans	At amortised cost	214 069	399 444	214 069	399 444
Capitalised Lease Liability	At amortised cost	797 785	104 103	797 785	104 103
<b>Payables from exchange transactions</b>					
Trade creditors	At amortised cost	6 593 722	3 882 913	6 593 722	3 882 913
Retentions	At amortised cost	999 723	1 487 089	999 723	1 487 089
Other Creditors	At amortised cost	706 349	801 774	706 349	801 774
Deposits	At amortised cost	444 891	388 094	444 891	388 094
<b>Unspent Conditional Grants, Receipts and other contributions</b>					
Other Spheres of Government	At amortised cost	172 039	5 529 399	172 039	5 529 399
Public Contributions	At amortised cost	48 357	-	48 357	-
<b>Current Portion of Long-term Liabilities</b>					
Annuity Loans	At amortised cost	185 375	180 487	185 375	180 487
Capitalised Lease Liability	At amortised cost	164 618	143 318	164 618	143 318
		<b>10 324 929</b>	<b>12 496 600</b>	<b>10 324 929</b>	<b>12 496 600</b>

**SUMMARY OF FINANCIAL LIABILITY**

At amortised cost	<b>10 324 929</b>	<b>12 496 600</b>	<b>10 324 929</b>	<b>12 496 600</b>
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**54 STATUTORY RECEIVABLES**

In accordance with the principles of GRAP 108, Statutory Receivables of the Economic Entity are classified as follows:

<b>Taxes</b>					
Vat Receivable	-	110 841	-	76 212	
<b>Receivables from Non-Exchange Transactions</b>					
Rates	4 969 617	5 019 758	4 969 617	5 019 758	
Fines	3 045 081	841 780	3 045 081	841 780	
	<b>8 014 698</b>	<b>5 972 379</b>	<b>8 014 698</b>	<b>5 937 750</b>	

**55 EVENTS AFTER THE REPORTING DATE**

None

**56 IN-KIND DONATIONS AND ASSISTANCE**

Refer to note 11 and 26 for further detail regarding in-kind assistance and donations

**57 PRIVATE PUBLIC PARTNERSHIPS**

Council has not entered into any private public partnerships during the financial year.

**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**58 CONTINGENT LIABILITY**

Council do have the following contingent liabilities at the end of the financial year 2014/15.

- 58.01** In the matter between Council and DA Civics CC the arbitrator ruled in favour of the municipality. The Contractor representative did not accept this ruling and referred the matter to the Institute of Civil
- 58.02** The Council is currently party to a court case, case 2226/11 in which Verweyde Eensdom BPK instituted a claim of R33 119 510 regarding erf 599 Waenhuiskrans against the Council. Council filed a plea to the original claim. The matter is sub judice and the amount is regarded as a contingent liability until judgement is passed
- 58.03** Labour case is pending between the former Municipal Manager and the Municipality of Cape Agulhas. The judgement was given by the CCMA and the case has been referred to the High Court for finalisation. The potential financial implication and / or liability to council is estimated at R2 454 812.
- 58.04** The municipality does not have a permit or license for all of the landfill sites currently in use and could be liable for a penalty in terms of section 24G of the Environmental Conservation Act.
- 58.05** According to the records of the South African Revenue Service(SARS) the municipality is in debt for the periods August 2010, February 2011, August 2011, November 2011, February 2013, February 2015, May 2015 and June 2015 due to the failure of tax payment in respect of PAYE, UIF and SDL. During July 2015 the municipality recieved a final demand form SARS demanding payment to the amount R228,582-69. The municipality did submit proof of payment in respect of the mentioned periods and awaiting the SARS rectification
- 58.06** Guarantees in favour of the following third parties  
 - The Post Office - R 30 000 (2014 - R 50 000)

**59 RELATED PARTIES**

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

**59.1 Related Party Transactions**

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties

**59.2 Related Party Loans**

Since 1 July 2004 loans to councillors and senior management employees are not permitted.

**59.3 Compensation of key management personnel**

The compensation of key management personnel is set out in note 31 to the Annual Financial Statements.

**59.4 Investment in Municipal Entity**

The Municipality had a 100% shareholding in the Southernmost Development Agency (Soc) Ltd - Refer to note 17

**59.5 Other related party transactions**

The following purchases were made during the year where Councillors, Management or Employees have an interest:

		2015	2014	2015	2014
		R	R	R	R
<u>Councillor/Employees</u>	<u>Entity</u>				
A Rudolph	AC Rudolph (Parent of A Rudolph)	-	7 900	-	7 900
C Leonard and U Hopley	KJ Hopley (Parent of C Leonard and U Hopley)	-	1 000	-	1 000
D Fredericks	Adonal Funeral Home (Brother of D Fredericks)	23 850	22 500	23 850	22 500
D Oncke	KJ Jansen (Parent of D Oncke)	1 500	1 200	1 500	1 200
F Pieterse	F Pieterse (Spouse of F Pieterse)	21 440	7 800	21 440	7 800
G Le Roux	PF Hammer (Parent of G Le Roux)	11 900	35 600	11 900	35 600
H de Jager	EE De Jager (Brother of H De Jager)	-	29 401	-	29 401
H Spandiel	Cape Agulhas Communications (Parent of H Spandiel)	10 734	5 726	10 734	5 726
J Diedericks	AD Diedericks/Diedericks Construction (Brother of J Diedericks)	-	50 448	-	50 448
J Teixeira & L Teixeira	M.A.T Overberg Retailers (Spouses of J Teixeira & L Teixeira)	4 542	760	4 542	760
W Van Zyl	J Van Zyl (Parent of W van Zyl)	70 623	68 449	70 623	68 449
		<u>144 589</u>	<u>230 784</u>	<u>144 589</u>	<u>230 784</u>

**CAPE AGULHAS MUNICIPALITY**  
**NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**60 NATIONAL TREASURY APPROPRIATION STATEMENT**

	Original Budget 2015 R	Budget Adjustments (N.A. MPRA 2015) 2015 R	Final adjustments budget 2015 R	Actual Outcome 2015 R	Variance of Actual Outcome against Adjustments Budget 2015 R	Actual Outcome as % of Final Budget 2015 %	Actual Outcome as % of Original Budget 2015 %	Restated Audited Outcome 2014 R
<b>Financial Performance</b>								
Property rates	42 304 130	479 130	42 783 260	42 895 205	111 945	100%	101%	39 325 113
Service charges	115 730 860	(4 168 960)	111 561 900	110 248 382	(1 293 518)	99%	95%	98 826 253
Investment revenue	2 389 570	151 780	2 541 350	2 844 643	303 293	112%	119%	2 649 104
Transfers recognised - operational	47 665 470	6 609 736	54 275 206	50 234 262	(4 040 944)	93%	105%	46 782 580
Other own revenue	10 755 240	822 351	11 577 590	14 661 323	3 103 733	127%	137%	12 874 316
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>219 945 070</b>	<b>3 874 047</b>	<b>222 719 116</b>	<b>220 903 815</b>	<b>(1 815 301)</b>	<b>99%</b>	<b>101%</b>	<b>200 457 366</b>
Employee costs	78 871 351	(2 186 691)	76 684 670	79 648 163	2 963 493	104%	101%	70 754 629
Remuneration of councillors	3 510 523	2	3 510 525	3 452 005	(58 520)	98%	98%	3 287 800
Debt impairment	1 095 000	2 065 000	3 160 000	5 386 568	2 226 568	170%	492%	2 868 851
Depreciation & asset impairment	6 844 959	1 482 061	8 327 020	10 087 526	1 660 506	120%	145%	10 724 076
Finance charges	1 242 060	3 503 527	4 745 587	4 730 909	(14 678)	100%	381%	3 866 121
Materials and bulk purchases	59 397 000	914 331	60 311 331	57 446 964	(2 864 377)	95%	97%	54 260 605
Other expenditure	75 419 000	6 045 949	81 464 949	71 844 363	(9 620 586)	88%	95%	63 134 351
<b>Total Expenditure</b>	<b>226 479 993</b>	<b>11 824 189</b>	<b>238 304 082</b>	<b>232 639 489</b>	<b>(5 707 604)</b>	<b>98%</b>	<b>103%</b>	<b>209 986 432</b>
<b>Surplus/(Deficit)</b>	<b>(7 634 924)</b>	<b>(7 950 142)</b>	<b>(15 584 966)</b>	<b>(11 692 673)</b>	<b>3 992 293</b>	<b>75%</b>	<b>153%</b>	<b>(9 639 065)</b>
Transfers recognised - capital	11 070 530	3 281 141	14 351 671	17 856 030	3 504 359	124%	161%	20 203 692
<b>Surplus/(Deficit) for the year</b>	<b>3 435 708</b>	<b>(4 669 001)</b>	<b>(1 233 295)</b>	<b>6 163 356</b>	<b>7 396 651</b>	<b>-500%</b>	<b>179%</b>	<b>11 664 627</b>
<b>Capital expenditure &amp; funds sources</b>								
Capital expenditure	14 701 030	42 265 869	56 966 899	59 755 479	2 788 580	105%	406%	37 921 801
Transfers recognised - capital	11 070 530	3 281 141	14 351 671	17 856 030	3 504 359	124%	161%	20 182 691
Public contributions & donations	-	-	-	-	-	0%	0%	1 000
Borrowing	-	879 350	879 350	879 600	250	100%	0%	167 611
Internally generated funds	3 630 500	38 105 378	41 735 878	41 019 850	(716 028)	98%	1130%	17 570 499
<b>Total sources of capital funds</b>	<b>14 701 030</b>	<b>42 265 869</b>	<b>56 966 899</b>	<b>59 755 479</b>	<b>2 788 580</b>	<b>105%</b>	<b>406%</b>	<b>37 921 801</b>
<b>Cash flows</b>								
Net cash from (used) operating	10 168 562	(4 166 026)	6 003 536	19 933 341	13 929 806	332%	196%	32 372 606
Net cash from (used) investing	(14 694 553)	(4 635 224)	(19 829 777)	(22 383 204)	(2 753 428)	114%	152%	(35 318 549)
Net cash from (used) financing	(98 410)	28 350	(70 061)	(123 247)	(53 186)	176%	125%	(209 256)
<b>Net Cash Movement for the year</b>	<b>(4 623 401)</b>	<b>(9 072 901)</b>	<b>(13 696 302)</b>	<b>(2 573 109)</b>	<b>11 123 192</b>	<b>19%</b>	<b>56%</b>	<b>(3 155 199)</b>
Cash/cash equivalents at beginning of year	18 066 241	3 340 961	21 407 201	21 407 201	-	100%	118%	24 582 400
<b>Cash/cash equivalents at the year end</b>	<b>13 442 840</b>	<b>(5 731 940)</b>	<b>7 710 900</b>	<b>18 834 092</b>	<b>11 123 192</b>	<b>244%</b>	<b>140%</b>	<b>21 407 201</b>

Refer to Appendix E for further detail

**APPENDIX A - Unaudited**  
**CAPE AGULHAS LOCAL MUNICIPALITY**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2015**

EXTERNAL LOANS	Rate	Loan/ Serial Number	Redeemable	Balance at 30 JUNE 2014	Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2015
<b>ANNUITY LOANS</b>							
DBSA	15.00%	B48	30/06/2017	559 910	-	160 467	399 444
<b>Total Annuity Loans</b>				<b>559 910</b>	<b>-</b>	<b>160 467</b>	<b>399 444</b>
<b>LEASE LIABILITY</b>							
Nashua SR4030	9.00%	M8518102407	31/08/2014	2 630	-	2 630	-
Nashua MP171 CHN	9.00%	V4209500714	30/11/2014	3 667	-	3 667	-
Nashua HPT 2300	9.00%	CN727A/CN17K3K01B	30/11/2014	21 758	-	21 758	-
Nashua MP171 CHN	9.00%	V4209501168	30/11/2014	3 667	-	3 667	-
Nashua MP171 CHN	9.00%	V4209600401	30/11/2014	3 667	-	3 667	-
Nashua MP2000	9.00%	L7006861245	30/11/2014	6 258	-	6 258	-
Nashua MP2000	9.00%	L7006861771	30/11/2014	7 139	-	7 139	-
Olivetti d Copla 284 MF	9.00%	QUY 1910749	30/11/2014	4 254	-	4 254	-
Toshiba E Studio 305	9.00%	CMH 137100	30/11/2014	8 600	-	8 600	-
Olivetti d Copla 284 MF	9.00%	QUY 1910692	30/11/2014	4 254	-	4 254	-
Nashua Aficio MP 7001	9.00%	V7013100066	31/07/2014	5 211	-	5 211	-
Olivetti D Copia 3504MF	8.50%	NVN2803039	31/10/2015	10 463	-	7 735	2 728
Olivetti D Copia 3504MF	8.50%	NVN2803036	31/10/2015	10 463	-	7 735	2 728
Olivetti d Copia 284 MF	9.00%	QUY 1910849	30/11/2014	4 254	-	4 254	-
Nashua MP9002	9.00%	W883J900014	28/02/2017	151 136	-	52 488	98 848
Nashua MP201SPFGY	9.23%	W3049601665	31/05/2018	-	10 200	247	9 953
Nashua MP201SPFGY	9.23%	W3049601380	31/05/2018	-	10 200	247	9 953
Nashua MP201SPFGY	9.23%	W3049601292	31/05/2018	-	10 200	247	9 953
Nashua MP201SPFGY	9.23%	W3049601290	31/05/2018	-	10 200	247	9 953
Nashua MP201SPFGY	9.23%	W3049604821	31/05/2018	-	10 200	247	9 953
Nashua MP201SPFGY	9.23%	W3049604824	31/05/2018	-	10 200	247	9 953
Nashua MP201SPFGY	9.23%	W3049604805	31/05/2018	-	10 200	247	9 953
Nashua MP201SPFGY	9.23%	W3049604820	31/05/2018	-	10 200	247	9 953
Nashua MP201SPFGY	9.23%	W3049604818	31/05/2018	-	10 200	247	9 953
Nashua MP301SPF	9.23%	W914PC06432	31/05/2018	-	14 200	344	13 856
Nashua MP301SPF	9.23%	W914P407168	31/05/2018	-	14 200	344	13 856
Nashua MP301SPF	9.23%	W914P407172	31/05/2018	-	14 200	344	13 856
Nashua MP301SPF	9.23%	W914P407173	31/05/2018	-	14 200	344	13 856
Nashua MP301SPF	9.23%	W914P407177	31/05/2018	-	14 200	344	13 856
Nashua MP301SPF	9.23%	W914P407185	31/05/2018	-	14 200	344	13 856
Nashua MP301SPF	9.23%	W914P407189	31/05/2018	-	14 200	344	13 856
Nashua MP301SPF	9.23%	W914P407191	31/05/2018	-	14 200	344	13 856
Nashua MP301SPF	9.23%	W914P407208	31/05/2018	-	14 200	344	13 856
Nashua MP301SPF	9.23%	W914P407225	31/05/2018	-	14 200	344	13 856
Nashua MP301SPF	9.23%	W914P407313	31/05/2018	-	14 200	344	13 856
Nashua MP301SPF	9.23%	W914P407315	31/05/2018	-	14 200	344	13 856
Nashua MPC305SPF	9.23%	W794P503261	31/05/2018	-	18 700	453	18 247
Nashua MPC305SPF	9.23%	W794P503262	31/05/2018	-	18 700	453	18 247
Nashua MPC4503	9.23%	E174MC30441	31/05/2018	-	71 700	1 736	69 964
Nashua MPC4503	9.23%	E174MC30439	31/05/2018	-	71 700	1 736	69 964
Nashua HP T2500	9.23%	CN52EBH02X	31/05/2018	-	216 200	5 235	210 965
Nashua MP9002	9.23%	W884JC00043	31/05/2018	-	110 200	2 669	107 531
Nashua MP9002	9.23%	W885J100084	31/05/2018	-	110 200	2 669	107 531
<b>Total Lease Liabilities</b>				<b>247 421</b>	<b>879 600</b>	<b>164 618</b>	<b>962 403</b>
<b>TOTAL EXTERNAL LOANS</b>				<b>807 331</b>	<b>879 600</b>	<b>325 085</b>	<b>1 361 846</b>

**APPENDIX B - Unaudited**  
**CAPE AGULHAS LOCAL MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R		2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R
55 907 304	(35 381 795)	20 525 508	Executive and Council	12 825 814	(14 743 988)	(1 918 174)
42 714 390	(27 513 343)	15 201 047	Budget and Treasury Office	48 012 131	(31 334 448)	16 677 683
618 294	(17 194 824)	(18 576 530)	Corporate Services	2 910 189	(21 030 047)	(18 119 858)
6 295 971	(9 748 825)	(3 452 854)	Community and Social Services	31 069 804	(33 003 436)	(1 933 631)
4 254 403	(6 978 950)	(2 724 547)	Sport and Recreation	5 452 220	(8 170 225)	(2 718 005)
3 454 737	(6 601 439)	(3 148 703)	Public Safety	5 305 810	(8 904 557)	(3 598 747)
212 771	(9 396 021)	(9 183 250)	Road Transport	86 402	(11 744 302)	(11 657 900)
71 611 969	(61 936 731)	9 675 238	Electricity	78 254 327	(66 277 177)	11 977 150
17 163 069	(12 181 965)	4 981 104	Water	20 689 753	(13 801 400)	6 888 353
7 655 607	(6 911 437)	744 170	Waste Water Management	9 769 347	(8 217 010)	1 552 337
10 772 875	(11 952 348)	(1 179 472)	Waste Management	13 351 743	(11 641 486)	1 710 256
-	(392 951)	(392 951)	Environmental Protection	-	(346 320)	(346 320)
-	(2 305 800)	(2 305 800)	Other	11 022 224	(3 385 093)	7 637 132
220 661 058	(208 996 432)	11 664 627	<b>Total</b>	238 759 845	(232 596 488)	6 163 357

**APPENDIX C (1) - Unaudited  
CAPE AGULHAS LOCAL MUNICIPALITY  
OPERATING EXPENDITURE  
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2015  
GENERAL FINANCE STATISTIC CLASSIFICATIONS**

	2015 Actual (R)	2015 Budget (R)	2015 Variance (R)	2015 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
<b>EXPENDITURE</b>					
Executive and Council	14 743 988	14 489 901	254 087	2%	% Deviation not regarded as material
Budget and Treasury Office	31 334 448	31 124 784	209 664	1%	% Deviation not regarded as material
Corporate Services	21 030 047	22 669 956	(1 639 909)	(7%)	% Deviation not regarded as material
Community and Social Services	33 003 336	36 018 176	(3 014 840)	(8%)	% Deviation not regarded as material
Sport and Recreation	8 170 225	8 625 381	(455 156)	(5%)	
Public Safety	8 904 557	7 803 779	1 100 778	14%	Increase in speed fines issued resulting in an increase in debt impairment
Road Transport	11 741 302	11 305 082	436 220	4%	% Deviation not regarded as material
Electricity	66 277 177	68 380 484	(2 103 307)	(3%)	% Deviation not regarded as material
Water	13 801 400	13 037 975	763 425	6%	% Deviation not regarded as material
Waste Water Management	8 217 010	7 200 857	1 016 153	14%	Increase in provision for the Landfill Site
Waste Management	11 641 486	12 406 434	(764 948)	(6%)	% Deviation not regarded as material
Environmental Protection	346 320	327 819	18 501	6%	% Deviation not regarded as material
Other	3 385 093	4 913 454	(1 528 361)	(31%)	Housing expenditure incurred under capital
<b>Total Expenditure</b>	<b>232 596 388</b>	<b>238 304 082</b>	<b>(5 707 694)</b>		



**APPENDIX C (2) - Unaudited**  
**CAPE AGULHAS LOCAL MUNICIPALITY**  
**ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2015**  
**ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTY & INTANGIBLE ASSETS**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

	2015 Actual (R)	2015 Budget (R)	2015 Variance (R)	2015 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
Executive and Council	71 811	123 170	(51 359)	(42%)	Value not regarded as material
Budget and Treasury Office	848 468	866 740	(18 272)	(2%)	Not regarded as material
Corporate Services	1 257 994	1 446 150	(188 156)	(13%)	Value not regarded as material
Community and Social Services	1 362 648	1 263 103	99 545	8%	Not regarded as material
Sport and Recreation	1 987 216	2 092 800	(105 584)	(5%)	%Deviation not material
Public Safety	22 154	20 040	2 114	11%	Not regarded as material
Road Transport	10 094 387	9 904 600	189 787	2%	%Deviation not material
Electricity	2 751 418	2 881 360	(129 942)	(5%)	%Deviation not material
Water	480 722	785 000	(304 278)	(39%)	Value not regarded as material
Waste Water Management	790 250	773 900	16 350	2%	%Deviation not material
Waste Management	36 675 916	36 736 218	(60 302)	(0%)	
Other	3 412 494	73 850	3 338 644	4521%	Housing expenditure budgeted under operating
<b>Total</b>	<b>59 755 479</b>	<b>56 966 931</b>	<b>2 788 548</b>	<b>5%</b>	

**APPENDIX D - Unaudited**  
**CAPE AGULHAS LOCAL MUNICIPALITY**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grant Description	Balance 1 JULY 2014	Grants Received	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2015
<b>UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS</b>					
	R	R	R	R	R
<b><u>National Government Grants</u></b>					
Equitable Share	-	19 386 000	19 386 000	-	-
Local Government Financial Management Grant	-	1 450 000	1 110 742	339 258	-
Municipal Systems Improvement Grant	-	934 000	679 805	254 196	-
Municipal Infrastructure Grant	-	10 532 000	510 550	10 021 450	-
Skills Development Fund	-	621 343	621 343	-	-
National Electrification Programme (INEP)	-	2 000 000	34	1 999 966	-
Expanded Public Works Program	-	1 120 000	1 120 000	-	-
<b>Total National Government Grants</b>	-	<b>36 043 343</b>	<b>23 428 474</b>	<b>12 614 869</b>	-
<b><u>Provincial Government Grants</u></b>					
Library Services	721 466	4 373 000	4 027 579	1 066 887	-
Proclaimed Road Subsidy	-	56 869	58 869	-	-
CDW	70 230	52 464	106 734	15 960	-
Provincial Financial Grant	-	810 000	810 000	-	-
RDP Housing Zwelitsha	67 756	-	44 182	23 573	-
Thusong Centre	-	222 000	174 274	47 728	-
Department of Housing	3 875 578	20 575 256	21 080 663	3 370 171	-
Department of Housing (GAP Housing)	7 943	-	-	7 943	-
Department of Housing (Basic Services)	150 216	-	-	150 216	-
Department of Agriculture, Forestry and Fisheries	72 039	-	-	-	72 039
Mandela Memorial Contribution	5 487	-	5 487	-	-
Provincial Contribution (Organogram)	-	500 000	500 000	-	-
Provincial Contribution (Netball Court)	-	100 000	-	-	100 000
Provincial Contribution to the acceleration of housing	558 684	-	-	558 684	-
<b>Total Provincial Government Grants</b>	<b>5 529 399</b>	<b>26 689 590</b>	<b>26 805 788</b>	<b>5 241 160</b>	<b>172 039</b>
<b>Total</b>	<b>5 529 399</b>	<b>62 732 933</b>	<b>50 234 262</b>	<b>17 856 030</b>	<b>172 039</b>

**APPENDIX E (1) - Unaudited**  
**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**  
**REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)**

Description	2014/2015							2013/2014
	Original Budget	Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
<b>R thousand</b>								
<b>Revenue - Standard</b>								
<i>Governance and administration</i>	61 300	2 658	63 958	63 748	(210)	99.7%	104.0%	99 240
Executive and council	14 342	(1 400)	12 942	12 826	(116)	99.1%	89.4%	55 907
Budget and treasury office	46 874	631	47 505	48 012	507	101.1%	102.4%	42 714
Corporate services	84	3 427	3 511	2 910	(601)	82.9%	3451.4%	618
<i>Community and public safety</i>	32 392	6 557	38 950	41 828	2 878	107.4%	129.1%	14 005
Community and social services	24 826	5 602	30 429	31 070	641	102.1%	125.1%	6 296
Sport and recreation	4 624	105	4 729	5 452	724	115.3%	117.9%	4 254
Public safety	2 942	850	3 792	5 306	1 513	139.9%	180.3%	3 455
<i>Economic and environmental services</i>	85	14	99	96	(3)	97.4%	112.9%	212
Road transport	85	14	99	96	(3)	97.4%	112.9%	212
<i>Trading services</i>	130 159	3 905	134 064	133 087	(977)	99.3%	102.2%	107 204
Electricity	70 821	3 159	73 980	76 254	(1 102)	97.6%	101.8%	11 012
Water	20 422	—	20 422	20 690	268	101.3%	101.3%	17 163
Waste water management	8 568	709	9 277	9 769	492	105.3%	114.0%	7 658
Waste management	13 316	—	13 316	13 352	36	100.3%	100.3%	10 773
<i>Other</i>	11 033	—	11 033	11 022	(10)	99.9%	99.9%	—
<b>Total Revenue - Standard</b>	<b>223 937</b>	<b>13 134</b>	<b>237 071</b>	<b>238 760</b>	<b>1 689</b>	<b>100.7%</b>	<b>106.6%</b>	<b>220 661</b>
<b>Expenditure - Standard</b>								
<i>Governance and administration</i>	57 018	11 267	68 285	67 408	(1 176)	98.3%	117.7%	80 090
Executive and council	13 620	870	14 490	14 744	254	101.8%	108.2%	35 382
Budget and treasury office	26 547	4 578	31 125	31 334	210	100.7%	118.0%	27 513
Corporate services	16 851	5 819	22 670	21 030	(1 640)	92.8%	124.8%	17 195
<i>Community and public safety</i>	46 758	5 689	52 447	50 878	(2 369)	95.5%	107.1%	23 329
Community and social services	31 292	4 726	36 018	33 003	(3 015)	91.6%	105.5%	9 749
Sport and recreation	9 056	(430)	8 625	8 170	(455)	94.7%	90.2%	6 979
Public safety	6 410	1 393	7 804	8 905	1 101	114.1%	138.9%	6 601
<i>Economic and environmental services</i>	11 578	55	11 633	12 088	455	103.9%	104.4%	10 289
Road transport	11 005	300	11 305	11 741	436	103.9%	106.7%	9 896
Environmental protection	573	(245)	328	346	19	105.6%	60.4%	393
<i>Trading services</i>	105 147	792	105 939	103 322	(2 617)	97.5%	98.3%	95 288
Electricity	69 692	(1 311)	68 380	66 277	(2 103)	96.9%	95.1%	61 937
Water	12 876	162	13 038	13 801	763	105.9%	107.2%	12 182
Waste water management	6 895	305	7 201	8 217	1 016	114.1%	119.2%	6 911
Waste management	11 223	1 183	12 406	11 641	(765)	93.8%	103.7%	11 952
<i>Other</i>	4 441	583	5 024	5 566	(1 021)	110.8%	125.3%	2 300
<b>Total Expenditure - Standard</b>	<b>220 502</b>	<b>17 802</b>	<b>238 304</b>	<b>232 596</b>	<b>(5 708)</b>	<b>97.6%</b>	<b>105.5%</b>	<b>208 996</b>
<b>Surplus/(Deficit) for the year</b>	<b>3 436</b>	<b>(4 669)</b>	<b>(1 233)</b>	<b>6 163</b>	<b>7 397</b>	<b>-499.7%</b>	<b>179.4%</b>	<b>11 665</b>

**APPENDIX E (2) - Unaudited**  
**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**  
**REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)**

Description	2014/2015							2013/2014
	Original Budget	Budget Adjustments (i.e. MFMA s29)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
<b>R thousand</b>								
<b>Revenue by Vote</b>								
Executive and Council	14 342	(1 400)	12 942	12 826	(116)	99.1%	89.4%	55 907
Budget and Treasury Office	46 874	631	47 505	48 012	507	101.1%	102.4%	42 714
Corporate Services	84	1 245	1 330	2 910	1 580	218.8%	3451.4%	618
Community and Social Services	24 826	4 179	29 005	31 070	2 064	107.1%	125.1%	6 296
Sport and Recreation	4 624	105	4 729	5 452	724	115.3%	117.9%	4 254
Public Safety	2 942	850	3 792	5 306	1 513	139.9%	180.3%	3 455
Road Transport	85	14	99	96	(3)	97.4%	112.9%	212
Electricity	76 821	3 196	80 017	78 254	(1 762)	97.8%	101.9%	71 612
Water	20 422	—	20 422	20 690	268	101.3%	101.3%	17 163
Waste Water Management	8 568	709	9 277	9 769	492	105.3%	114.0%	7 656
Waste Management	13 316	—	13 316	13 352	36	100.3%	100.3%	10 773
Other	11 533	—	11 533	11 322	(211)	98.2%	98.2%	—
<b>Total Revenue by Vote</b>	<b>223 937</b>	<b>9 529</b>	<b>233 466</b>	<b>238 760</b>	<b>5 294</b>	<b>102.3%</b>	<b>106.6%</b>	<b>220 661</b>
<b>Expenditure by Vote to be appropriated</b>								
Executive and Council	13 620	730	14 350	14 744	394	102.7%	108.2%	35 382
Budget and Treasury Office	26 547	2 168	28 715	31 334	2 619	109.1%	118.0%	27 513
Corporate Services	16 851	2 854	19 805	21 030	1 225	106.2%	124.8%	17 195
Community and Social Services	31 292	2 958	34 250	33 003	(1 247)	96.4%	105.5%	9 749
Sport and Recreation	9 056	(430)	8 625	8 170	(455)	94.7%	90.2%	6 979
Public Safety	6 410	1 393	7 804	8 905	1 101	114.1%	138.9%	6 601
Road Transport	11 005	300	11 305	11 741	436	103.9%	108.7%	9 898
Electricity	69 692	1 689	71 380	66 277	(5 103)	92.9%	95.1%	61 937
Water	12 876	162	13 038	13 801	763	105.9%	107.2%	12 182
Waste Water Management	5 635	305	5 940	6 217	277	104.7%	106.2%	5 911
Waste Management	11 223	1 755	12 978	11 644	(1 334)	90.4%	103.7%	11 952
Environmental Protection	573	(245)	328	346	19	105.5%	60.4%	393
Other	4 461	453	4 913	3 385	(1 528)	68.9%	75.9%	2 306
<b>Total Expenditure by Vote</b>	<b>220 502</b>	<b>14 230</b>	<b>234 732</b>	<b>232 596</b>	<b>(2 136)</b>	<b>99.1%</b>	<b>105.5%</b>	<b>208 956</b>
<b>Surplus/(Deficit) for the year</b>	<b>3 436</b>	<b>(4 701)</b>	<b>(1 266)</b>	<b>6 163</b>	<b>7 425</b>	<b>-487.0%</b>	<b>179.4%</b>	<b>11 665</b>

**APPENDIX E (3) - Unaudited**  
**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**  
**REVENUE AND EXPENDITURE**

Description	2014/2015							2013/2014
	Original Budget	Budget Adjustments (L/o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
<b>R thousand</b>								
<b>Revenue By Source</b>								
Property rates	42 304	479	42 783	42 895	112	100.3%	101.4%	39 325
Service charges	115 731	(4 189)	111 542	110 248	(1 293)	98.8%	95.3%	98 826
Rental of facilities and equipment	5 287	5	5 292	5 984	692	113.1%	113.2%	5 177
Interest earned - external investments	1 666	75	1 741	1 849	107	106.2%	111.0%	1 889
Interest earned - outstanding debtors	723	77	800	996	196	124.5%	137.7%	760
Fines	572	850	1 422	3 049	1 626	214.4%	532.9%	1 400
Licences and permits	1 223	(46)	1 177	1 077	(100)	91.5%	88.1%	963
Agency services	1 306	-	1 306	1 382	76	105.8%	105.8%	1 255
Transfers recognised - operational	47 665	6 610	54 275	50 234	(4 041)	92.6%	105.4%	46 763
Other revenue	2 366	14	2 380	3 189	809	134.0%	134.8%	4 080
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>218 845</b>	<b>3 874</b>	<b>222 719</b>	<b>220 904</b>	<b>(1 815)</b>	<b>5749.0%</b>	<b>100.9%</b>	<b>200 457</b>
<b>Expenditure By Type</b>								
Employee related costs	78 871	(2 187)	76 685	79 648	2 963	103.9%	101.0%	70 755
Remuneration of councillors	3 511	0	3 511	3 452	(59)	98.3%	98.3%	3 288
Debt impairment	1 095	2 065	3 160	5 387	2 227	170.5%	491.9%	2 969
Depreciation & asset impairment	6 945	1 482	8 427	10 088	1 661	119.7%	145.2%	10 724
Finance charges	1 242	3 504	4 746	4 731	(15)	99.7%	380.9%	3 868
Bulk purchases	59 397	914	60 311	57 447	(2 864)	95.3%	96.7%	54 261
Contracted services	1 430	(211)	1 220	1 463	243	119.9%	102.3%	1 336
Other expenditure	73 989	6 256	80 245	69 847	(10 398)	87.0%	94.4%	60 532
Loss on disposal of PPE	-	-	-	535	535	#DIV/0!	#DIV/0!	1 285
<b>Total Expenditure</b>	<b>226 480</b>	<b>11 824</b>	<b>238 304</b>	<b>232 596</b>	<b>(5 708)</b>	<b>2015.4%</b>	<b>102.7%</b>	<b>208 956</b>
<b>Surplus/(Deficit)</b>	<b>(7 635)</b>	<b>(7 950)</b>	<b>(15 585)</b>	<b>(11 693)</b>	<b>3 892</b>	<b>75.0%</b>	<b>153.1%</b>	<b>(8 539)</b>
Transfers recognised - capital	11 071	3 281	14 352	17 856	3 504	124.4%	161.3%	20 204
<b>Surplus/(Deficit) for the year</b>	<b>3 436</b>	<b>(4 669)</b>	<b>(1 233)</b>	<b>6 163</b>	<b>7 397</b>	<b>-499.7%</b>	<b>179.4%</b>	<b>11 665</b>

**APPENDIX E (4) - Unaudited**  
**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**  
**CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING**

Description  R thousand	2014/2015							2013/2014
	Original Budget	Budget Adjustments (i.e. MFMA s26)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
<b>Capital expenditure - Vote</b>								
<b>Multi-year expenditure</b>								
Sport and Recreation	100	-	100	100	8	107.7%	107.7%	933
Road Transport	100	-	100	91	(9)	91.4%	91.4%	7 685
Electricity	800	(200)	600	539	(61)	89.8%	67.3%	1 028
Water	350	-	350	316	(34)	90.2%	90.2%	-
Capital multi-year expenditure	1 350	(200)	1 150	1 053	(97)	91.6%	78.0%	17 140
<b>Single-year expenditure</b>								
Executive and Council	57	67	123	72	(51)	58.3%	127.1%	168
Budget and Treasury Office	925	(58)	867	848	(18)	97.9%	91.7%	999
Corporate Services	305	1 141	1 446	1 258	(188)	87.0%	412.7%	3
Community and Social Services	1 643	(380)	1 263	1 363	100	107.9%	82.9%	8 485
Sport and Recreation	1 994	(1)	1 993	1 879	(113)	94.3%	94.2%	246
Public Safety	24	(4)	20	22	2	110.5%	92.3%	-
Road Transport	7 388	2 416	9 805	10 003	198	102.0%	135.4%	1 774
Electricity	50	2 231	2 281	2 213	(68)	97.0%	4425.5%	3 136
Water	550	(100)	450	165	(285)	36.7%	30.0%	45
Waste Water Management	50	709	759	790	31	104.1%	1580.5%	656
Waste Management	280	36 456	36 736	36 676	(60)	99.8%	13098.5%	2 501
Other	85	(11)	74	3 412	3 339	4620.8%	4014.7%	-
Capital single-year expenditure	13 351	42 466	55 817	58 702	2 885	105%	440%	16 014
<b>Total Capital Expenditure - Vote</b>	<b>14 701</b>	<b>42 266</b>	<b>56 967</b>	<b>59 755</b>	<b>2 789</b>	<b>105%</b>	<b>406%</b>	<b>33 154</b>
<b>Capital Expenditure - Standard</b>								
<b>Governance and administration</b>	<b>1 286</b>	<b>1 150</b>	<b>2 436</b>	<b>2 178</b>	<b>(258)</b>	<b>89.4%</b>	<b>169.3%</b>	<b>1 169</b>
Executive and council	57	67	123	72	(51)	58.3%	127.1%	168
Budget and Treasury office	925	(58)	867	848	(18)	97.9%	91.7%	999
Corporate services	305	1 141	1 446	1 258	(188)	87.0%	412.7%	3
<b>Community and public safety</b>	<b>3 761</b>	<b>(385)</b>	<b>3 376</b>	<b>3 372</b>	<b>(4)</b>	<b>99.9%</b>	<b>89.6%</b>	<b>7 665</b>
Community and social services	1 643	(380)	1 263	1 363	100	107.9%	82.9%	8 486
Sport and recreation	2 094	(1)	2 093	1 987	(106)	95.0%	94.9%	1 179
Public safety	24	(4)	20	22	2	110.5%	92.3%	-
<b>Economic and environmental services</b>	<b>7 488</b>	<b>2 416</b>	<b>9 905</b>	<b>10 094</b>	<b>190</b>	<b>101.9%</b>	<b>134.8%</b>	<b>9 459</b>
Road transport	7 488	2 416	9 905	10 094	190	101.9%	134.8%	9 459
<b>Trading services</b>	<b>2 090</b>	<b>39 096</b>	<b>41 176</b>	<b>40 698</b>	<b>(478)</b>	<b>98.8%</b>	<b>1956.6%</b>	<b>14 862</b>
Electricity	800	2 231	2 281	2 213	(68)	97.0%	4425.5%	3 136
Water	900	(100)	800	481	(319)	60.1%	53.4%	45
Waste water management	50	709	759	790	31	104.1%	1580.5%	6 150
Waste management	280	36 456	36 736	36 676	(60)	99.8%	13098.5%	2 501
Other	85	(11)	74	3 412	3 339	4620.8%	4014.7%	4 786
<b>Total Capital Expenditure - Standard</b>	<b>14 701</b>	<b>42 266</b>	<b>56 967</b>	<b>59 755</b>	<b>2 789</b>	<b>105%</b>	<b>406%</b>	<b>37 922</b>
<b>Funded by:</b>								
National Government	10 802	1 763	12 565	12 615	49	100.4%	116.8%	11 307
Provincial Government	269	1 518	1 786	5 241	3 455	293.4%	1952.0%	8 875
Transfers recognised - capital	11 071	3 281	14 352	17 856	3 504	124%	161%	20 183
Public contributions & donations	-	-	-	-	-	-	-	1
Borrowing	-	879	879	880	0	100.0%	#DIV/0!	168
Internally generated funds	3 631	36 105	41 736	41 026	(716)	98.3%	1129.9%	17 570
<b>Total Capital Funding</b>	<b>14 701</b>	<b>42 266</b>	<b>56 967</b>	<b>59 755</b>	<b>2 789</b>	<b>105%</b>	<b>406%</b>	<b>37 922</b>

**APPENDIX E (5) - Unaudited**  
**CAPE AGULHAS LOCAL MUNICIPALITY**  
**NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**  
**CASH FLOWS**

Description	2014/2015							2013/2014
	Original Budget	Budget Adjustments (i.Lo. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
<b>R thousand</b>								
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Ratepayers and other	162 968	4 640	167 608	160 148	(7 460)	95.5%	98.3%	144 904
Government - operating	47 665	982	48 648	44 877	(3 771)	92.2%	94.1%	50 358
Government - capital	11 071	1 851	12 921	17 856	4 935	138.2%	161.3%	20 204
Interest	2 350	112	2 462	2 341	(121)	95.1%	95.1%	2 500
<b>Payments</b>								
Suppliers and employees	(212 682)	(12 919)	(225 601)	(205 693)	19 908	91.2%	96.7%	(185 626)
Finance charges	(1 242)	1 128	(114)	(99)	15	87.1%	8.0%	(127)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>10 170</b>	<b>(4 166)</b>	<b>6 004</b>	<b>19 933</b>	<b>13 930</b>	<b>332.0%</b>	<b>196.0%</b>	<b>32 373</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
<b>Receipts</b>								
Decrease (increase) other non-current receivables	6	0	7	41	35	632.5%	640.0%	33
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	(21)
<b>Payments</b>								
Capital assets	(14 701)	(4 935)	(19 636)	(22 425)	(2 788)	114.2%	152.5%	(95 330)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(14 695)</b>	<b>(4 935)</b>	<b>(19 630)</b>	<b>(22 383)</b>	<b>(2 753)</b>	<b>114.0%</b>	<b>152.3%</b>	<b>(35 319)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
<b>Receipts</b>								
Increase (decrease) in consumer deposits	213	42	255	202	(53)	79.1%	95.0%	231
<b>Payments</b>								
Repayment of borrowing	(311)	(11)	(322)	(325)	(3)	100.0%	100.0%	(440)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(98)</b>	<b>28</b>	<b>(70)</b>	<b>(123)</b>	<b>(53)</b>	<b>175.9%</b>	<b>125.2%</b>	<b>(209)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(4 623)</b>	<b>(9 073)</b>	<b>(13 696)</b>	<b>(2 573)</b>	<b>11 123</b>	<b>18.8%</b>	<b>55.7%</b>	<b>(3 155)</b>
Cash/cash equivalents at the year begin:	18 066	3 341	21 407	21 407	-	100.0%	118.5%	24 562
Cash/cash equivalents at the year end:	13 443	(5 732)	7 711	18 834	11 070	244.3%	140.1%	21 407